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OTHER MATTERS

# UNITED NATIONS SYSTEM REGULAR AND EXTRABUDGETARY TECHNICAL COOPERATION EXPENDITURES

## Information on United Nations system regular and extrabudgetary technical cooperation expenditures in 1992 financed from sources other than UNDP

Report of the Administrator

SUMMARY

The present report is the latest in a series presented to the Governing Council each year since 1973. It responds to decision 81/34 of 27 June 1981, in which the Council requested the Administrator to continue to provide information on technical cooperation expenditures that are financed from sources other than the United Nations Development Programme (UNDP).

The following issues are addressed:

(a) Overview of main issues raised in the report;

(b) Nature of the data;

(c) Regular and extrabudgetary expenditures incurred by the United Nations specialized agencies;

(d) Contributions received by these agencies in support of extrabudgetary technical cooperation activities;

(e) Expenditures by UNDP, the World Food Programme (WFP) and the United Nations Children's Fund (UNICEF); and

(f) Technical cooperation expenditures by the World Bank.

Data from the specialized agencies, WFP, the United Nations Population Fund (UNFPA), UNICEF and UNDP for 1992 have been classified and aggregated and are presented in tables 1 to 10 of DP/1993/58/Add.1. These data are organized by agency, by sector, by recipient country and by source of financing. Table 10 is in effect a summary table, as it consolidates operational expenditures into a single table, though in a somewhat aggregate form.

## OVERVIEW

The principal purpose of this report is to examine the data on non-UNDP financed technical cooperation expenditures (NFTCE) undertaken by United Nations specialized agencies, including the United Nations Population Fund (UNFPA) and contributions to support such activities. To round off the analysis, the expenditure of UNDP, the World Bank/International Development Association (IDA), United Nations Children's Fund (UNICEF) and World Food Programme (WFP) are also discussed. This year's report, covering 1985-1992, focuses on growth; that is, the incremental change in expenditures and contributions of the organizations involved. The purpose is to obtain some indication of their behaviour and relevant magnitude of expenditures and contributions over time.

This report defines NFTCE as the sum of expenditures incurred by the specialized agencies under their regular and extrabudgetary headings and by UNFPA. Such expenditures over the last two years amounted to:

| | 1991 | 1992 | Growth rate (%) |
|---|---|---|---|
| | (Millions of dollars) | | |
| Agency regular budgetary expenditures | 340.2 | 241.6 | -28.8 |
| Agency extrabudgetary expenditures | 765.8 | 727.2 | -5.1 |
| UNFPA | 171.8 | 128.2 | -25.4 |
| NFTCE | 1 277.8 | 1 097.0 | -14.2 |

As is clear from the table, all NFTCE components have declined. The fall is particularly acute in the case of expenditures from agency regular budgets and from UNFPA. As a whole, in nominal terms, NFTCE channelled to developing countries dropped 14 per cent below the level recorded in the previous year. If allowance were made for inflation, the resulting decline in real terms would be much larger. NFTCE also experienced a small drop in 1991.

During the last eight years, regular budgetary expenditures (RBEs) accounted for about 28 per cent of NFTCE to developing countries, although their share has been falling over the last few years. The data suggest that there is

a long-run tendency for RBEs to constitute a smaller share of NFTCE. Of the 18 agencies with regular RBEs, the World Health Organization (WHO) towers above them all with $107.4 million, or about 44.5 per cent of 1992 expenditures. The Food and Agriculture Organization of the United Nations (FAO) and the International Atomic Energy Agency (IAEA), traditionally large agencies in terms of RBEs, incurred expenditures of $36.1 million and $38.6 million, respectively. These three agencies - WHO, FAO and IAEA - constituted the principal source of RBEs, accounting for three quarters, during the year reviewed.

The second and largest component of NFTCE is the extrabudgetary expenditures (EBEs) of agencies (excluding UNFPA). This component grew steadily, from 49 per cent of NFTCE in 1985 to 61 per cent during 1990 and 1991. In 1992, it rose to 66 per cent, its highest share of NFTCE during the 1985-1992 period. In 1992 agency EBEs reached $727 million, compared to $812 million in 1991. This represents a decline of 5.1 per cent, much smaller than the drop in RBEs.

Of the 21 agencies with EBEs, WHO, as in previous years, accounted for one third of expenditures or $238 million. Another sizeable portion of expenditures came from FAO ($182 million). Other agencies with significant EBEs include the United Nations Industrial Development Organization (UNIDO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Labour Organization (ILO) and the International Trade Centre (ITC). These six agencies together provided 87 per cent of EBEs during the last two years.

The third component includes expenditures by UNFPA. As a share of NFTCE, expenditures from this source fluctuated between 12 and 16 per cent during the 1985-1991 period. In 1992 they stood at 11.7 per cent, down from the 13.4 per cent in the previous year. In terms of dollars, expenditures from UNFPA fell by 25.6 per cent from $172 million in 1991 to $128 million in 1992.

Total contributions received to finance EBEs of the specialized agencies during 1992 are shown below.

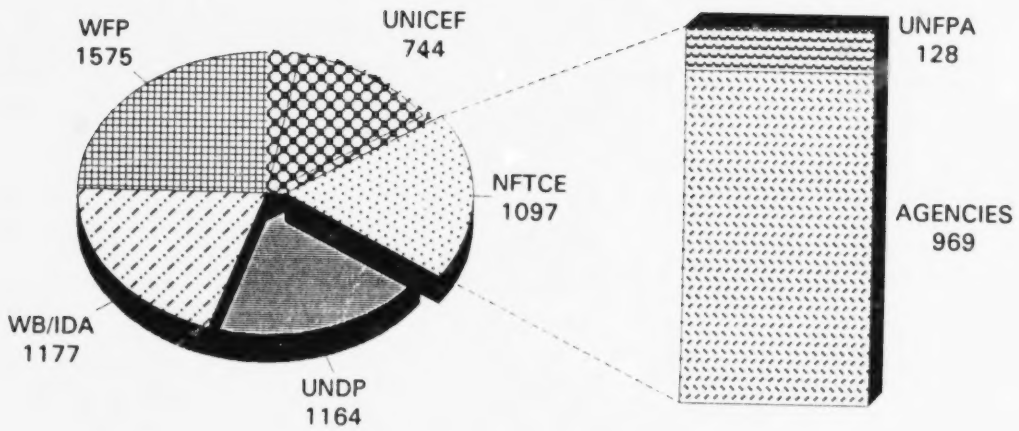
| | 1991 | 1992 | Growth rate (%) |
|---|---|---|---|
| | (Millions of dollars) | | |
| Total contribution | 1 029.4 | 973.1 | -5.5 |

Contributions intended to fund NFTCE dropped by almost 6 per cent in 1992. This breaks a six-year record of growth. The year reviewed is the first time since 1985 that both contributions and expenditures fell simultaneously. As a general indicator, some two thirds of all contributions are provided by bilateral sources, while the rest comes from multilateral sources.

To get an idea of operational assistance flowing through the United Nations system, it is necessary to consider expenditures from UNDP (central resources plus administered funds), UNICEF, WFP and the World Bank/IDA, as given below. As can be seen, operational assistance reached $5,757 billion in 1992, $209 million more than in the previous year. In other words, operational assistance delivered during 1992 grew by slightly under 4 per cent.

| | 1991 | 1992 | Growth rate (%) |
|---|---|---|---|
| | (Millions of dollars) | | |
| Specialized agencies (including UNFPA) | 1 278 | 1 097 | -14.2 |
| UNDP | 1 247 | 1 164 | -6.7 |
| UNICEF | 588 | 744 | 26.5 |
| WFP | 1 338 | 1 575 | 17.7 |
| World Bank/IDA | 1 097 | 1 177 | 7.3 |
| Total operational assistance | 5 548 | 5 757 | 3.8 |

Operational assistance from the United Nations system during 1992 (millions of dollars)




TOTAL OPERATIONAL EXPENDITURE IN 1992 = $5.8 BILLION

NFTCE = Non-UNDP-financed technical cooperation expenditure
WPF and UNICEF provide non-technical cooperation expenditure

## NOTE ON THE DATA

1. By its decision 81/34 of 27 June 1981, the Governing Council requested the Administrator to continue to provide data on the magnitude and composition of technical cooperation activities funded by organizations of the United Nations system other than UNDP. The present report fulfils this responsibility for 1992. Besides data on agency regular and extrabudgetary expenditures and contributions, the report also contains data on UNDP, UNICEF and WFP as well as data on technical cooperation expenditures by the World Bank/IDA.

2. The new definition for non-UNDP resources proposed in DP/1989/60 has been used in this report. Essentially, the old definition of non-UNDP resources has been adjusted to exclude expenditures against UNDP-administered funds, since such expenditures are controlled and disbursed by UNDP and are thus technical cooperation expenditures financed by UNDP. (DP/1990/74 had modified existing data to conform with this new definition for the 1980-1989 period.)

3. The present report is based on data supplied by participating and specialized agencies, including the World Bank/IDA. The raw data have been checked for consistency and accuracy, classified and aggregated; they are presented in tables 1 to 10 of DP/1993/58/Add.1. The tables are arranged as follows: tables 1 through 7 are concerned with technical cooperation expenditures; tables 8 and 9 record contributions; and table 10 summarizes operational expenditures for that portion of the United Nations system covered by the report. Table 1 is intended as a summary of technical cooperation expenditures by agency, including UNFPA and UNDP (central resources and administered funds), while table 2 shows the same data distributed by sector. Table 3 relates specifically to the specialized agencies; that is, UNFPA is excluded. It gives the breakdown of regular and extrabudgetary expenditures by sector and sources of funds. These sources are regular budget (A), United Nations system extrabudgetary sources other than UNDP (B1), non-United Nations system multilateral sources (B2), bilateral sources channelled through the United Nations system (C1) and unilateral "self-supporting" sources (C2).

4. Tables 4 through 6 expand on the "sources" in table 3. More specifically, table 4 breaks down RBEs (A) by country and agency. The grand total of this table should be the same as that shown in the total column of line A of table 3. Table 5 contains the distribution of expenditures stemming from United Nations system organizations other than UNDP (B1), by country and by agency. The total in this table agrees with that shown in the total column of line B1 of table 3 (note that figures have been rounded). Table 6 is concerned with expenditures funded from non-United Nations system multilateral sources (B2), also classified by country and by agency. Again, the total of this table agrees with that shown in the total column of line B2 of table 3. The country/agency breakdown of bilateral resources channelled through the United Nations system (C1) is given in table 7. Note that the total of this table should agree with that in the total column, line C1, of table 3. Finally, the country/agency distribution of unilateral expenditure (C2) is shown by the final column of table 10. Again, the total of this table should be the same as that in line C2 of table 3.

5. Table 8 relates to contributions received for the funding of the expenditures of the specialized agencies, organized under the following headings: unilateral and bilateral sources (country or territory and

non-governmental organizations (NGOs)) and multilateral sources (United Nations system and non-United Nations system). Contributions received by agencies to fund "self-supporting" technical cooperation expenditures are presented in table 9. Finally, table 10 consolidates expenditures by agency, including UNDP (central and administered funds), UNFPA, UNICEF, WFP and the World Bank/IDA to present a quick view of operational expenditures flowing through the United Nations system during 1991. The table, it should be noted, does not show total operational assistance since data on the expenditure (primarily operational) of some other agencies are not included.

6. Several features should be noted when using the data in this annex. The first is related to agency budget periods. All agencies have annual budgets, except WHO and UNICEF, which have biennial budgets. However, to satisfy the annual issuance of this report, both UNICEF and WHO submit estimates for the first year of each budget period and a consolidated financial statement at the end of the biennium. For UNICEF, no problem exists because expenditure data are still produced on an annual basis. For WHO, however, a difficult situation arises: there is no way of knowing exactly how much WHO spends in each year of the biennium. This report does not modify the estimates submitted for the first year. Indeed, there is no practical way of doing this since (a) the report for that year has already been finalized and (b) the statistical annex of the report, which contains disaggregated data in some detail, covers only one year. Data for the second year of the biennium are arrived at by dividing the entries in the consolidated statement by two. This means, therefore, that both regular and extrabudgetary expenditures for both years of the biennium are the same.

7. Final data for WHO for the 1990-1991 biennium are now available. The modified total expenditure data for these two years are given in tables I and II below.

Table I. Expenditures as reported in DP/1991/69 and DP/1993/57/Add.1

(Millions of dollars)

| | 1990 | 1991 |
|---|---|---|
| Regular budget expenditures (RBE, A) | 233.9 | 287.5 |
| Extrabudgetary expenditures (EBE) | | |
| B1 | 191.3 | 195.7 |
| B2 | 32.0 | 47.5 |
| C1 | 551.1 | 523.0 |
| C2 | 80.8 | 68.9 |
| Total extrabudgetary expenditures (TEBE) | 855.2 | 835.1 |
| Non-UNDP-financed technical cooperation expenditures (NFTCE) | 1 089.0 | 1 123.6 |

Table II. Updated expenditures for 1900 and 1991

(Millions of dollars)

| | 1990 | 1991 |
|---|---|---|
| Regular budget expenditures (RBE, A) | 330.1 | 340.2 |
| Extrabudgetary expenditures (EBE) | | |
| B1 | 192.3 | 194.6 |
| B2 | 32.0 | 47.5 |
| C1 | 641.1 | 622.4 |
| C2 | 85.4 | 73.1 |
| Total extrabudgetary expenditures (TEBE) | 950.8 | 937.6 |
| Non-UNDP-financed technical cooperation expenditures (NFTCE) | 1 280.9 | 1 277.8 |

Clearly, the revised expenditures for both years are very different. One immediate result of this is to change the time profile of expenditure for the 1990-1992 period because uncharacteristic rates of growth emerge from the data. This point should be borne in mind for the rest of the report.

8. The second point concerns the type of expenditure data used by the report. Only programme expenditure data are reported; administrative and support costs are excluded. In other words, the report does not seek to document total expenditure of the organizations and agencies covered. It should be noted, however, that while it is normal for agencies to report expenditure net of support costs or administrative expenses, WHO and the International Maritime Organization (IMO) do not adhere to this procedure. These agencies claim that, given the complexities involved, it is difficult to separate support costs. Third, for the second year, the Economic Commission for Africa (ECA) has advised that its unilateral "self-supporting" contributions constitute, in effect, a pooled fund, representing the United Nations Trust Fund for African Development (UNTFAD). In view of the nature of the accounting, it is difficult to identify contributions of any specific country intended to fund projects only in that particular country. In short, in this case the term "self-supporting" contributions/expenditure deviates from its normal meaning. Finally, data reported by UNESCO under its RBEs represent expenditures incurred under that organization's participation programme, a practice which began in 1982.

# I. REGULAR PROGRAMME AND EXTRABUDGETARY TECHNICAL COOPERATION EXPENDITURES FINANCED BY SOURCES OTHER THAN UNDP

## A. Non-UNDP financed technical cooperation expenditure: an aggregate profile

9. Total NFTCE reached $1,097 billion, in 1992, falling from $1,278 billion in the previous year. This decline of 14.2 per cent is a reflection of the rather poor economic performance of major donor countries during the last two years. (According to the International Monetary Fund (IMF) the average growth of real gross domestic product (GDP) in all industrialized countries during 1991 and 1992 is estimated at 1 per cent, compared to an average of 3.3 per cent during the 1988-1990 period.) The decline also continues the negative rate of growth of NFTCE which began in 1991. This contrasts with uninterrupted growth between 1986 and 1990. The huge increase of 34.2 per cent in 1990 is due to revised data from WHO, which operates on a biennium basis. Charts 1 and 2 plot the course of the level and growth rate of NFTCE from 1985 to 1992 so as to convey the movements of these variables over time. As can be seen, the growth rate of NFTCE was unpredictable. And, in fact, if allowance is made for the uncharacteristic jump in 1990, there is a tendency for the rate of increase of NFTCE to decrease over time.

10. Three sets of expenditures make up NFTCE. First, there is the RBE of specialized agencies, accounting for 22 per cent of NFTCE during 1992. Expenditures from this source amounted to $242 million, compared to $340 million in 1991. This represents a steep drop of 28.8 per cent. As a share of NFTCE, RBEs fluctuated between 36 and 22 per cent, but the trend is clearly downward. It seems, therefore, that there is a gradual long-term tendency for RBEs to constitute a smaller portion of NFTCE. The implication is that specialized agencies are gradually relying more heavily on EBEs to fund their technical cooperation activities.

11. The second and largest component of NFTCE is the EBEs of specialized agencies (excluding UNFPA). This component grew steadily from 49 per cent of NFTCE in 1985 to 61 per cent during 1990-1991. In 1992 it rose to 66 per cent, its highest share of NFTCE during the 1985-1992 period. In terms of dollar amounts, agency EBEs reached $727 million compared to $812 million in 1991. This represents a decline of 5.1 per cent, much smaller than the drop in RBEs.

12. The third component covers expenditures by UNFPA. As a share of NFTCE, expenditures from this source fluctuated between 12 and 16 per cent between 1985 and 1991. In 1992 the figure was 11.7 per cent, down from the 13.4 per cent the previous year. Expenditure from UNFPA totalled $128 million, falling by 25.6 per cent from the 1991 level of $172 million.

13. It is this shortfall in all three components of NFTCE that produced a drop of 14.2 per cent, the largest since 1985. Chart 3 shows the composition of NFTCE.

Chart 1. Non-UNDP-financed NFTCE, 1985-1992

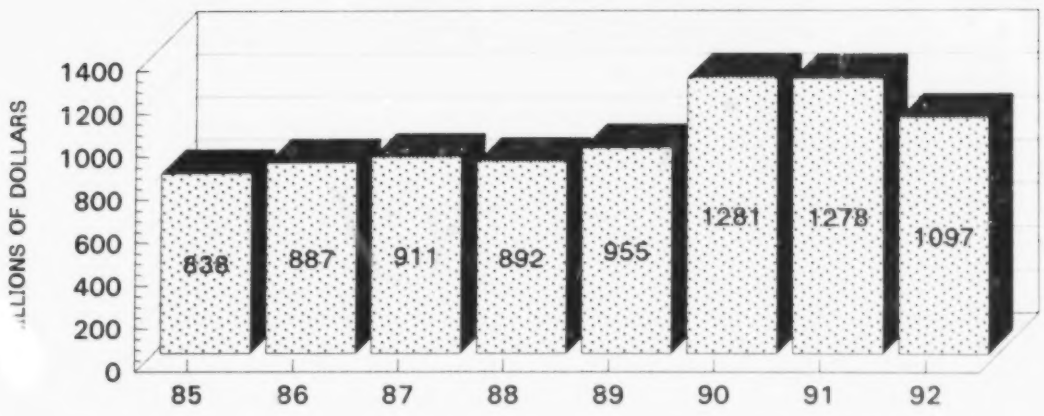



Chart 2. Growth rate of NFTCE, 1985-1992

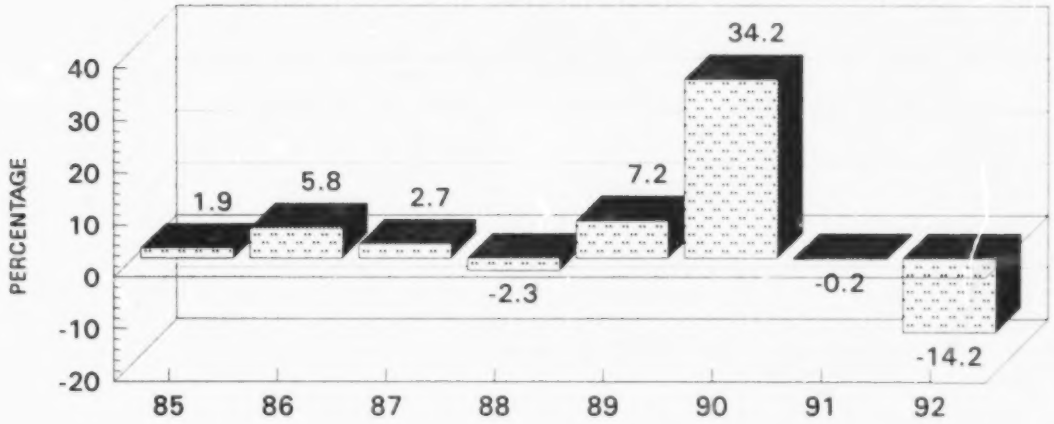
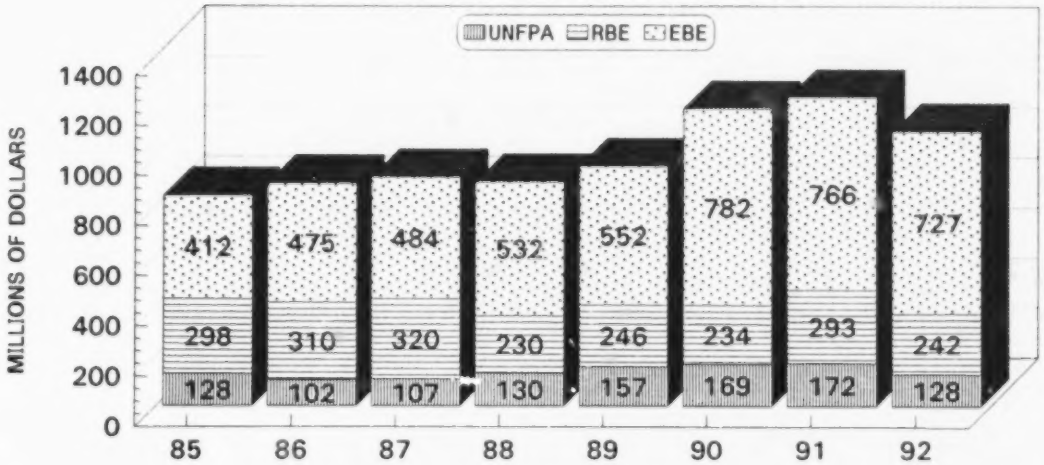



Chart 3. Composition of NFTCE by source, 1985-1992

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14. Two major agencies, WHO and FAO, continued to dominate expenditures, each providing, respectively, about 20 and 37 per cent on average over the last several years. The greater relative size of WHO expenditures is due to the fact that WHO RBEs are several times greater than those of FAO. WHO also receives more funding from UNFPA, as much as 5 to 8 times that of FAO. While UNFPA supports certain activities of both FAO and WHO, its involvement with the latter is much greater, covering such areas as training, family planning and maternal mortality.

15. As might be expected, the sectoral distribution of NFTCE follows a similar pattern with a predominance of expenditures in the health, agriculture and population sectors. In 1992, for example, slightly over one third of NFTCE were intended to improve the health sector of developing countries; 18 and 12 per cent were invested, respectively, in general agriculture and population-related issues.

## B. Regular budget expenditure

16. RBEs refer to technical cooperation expenditures financed out of the assessed budgets of agencies. RBEs continue to be a very important source of funding for agency technical cooperation activities, averaging about 28 per cent over the last eight years. There is, however, a tendency towards a gradual decline. To put this into perspective, as a share of NFTCE, RBEs declined from 36 per cent in 1985 to 22 per cent in 1992.

17. The rate of growth of RBE is shown in chart 4. Several features can be observed, including (a) a mixture of positive and negative rates; (b) a mixture of modest and larger rates; (c) the resultant negligible average rate of increase (0.1 per cent) during the period does not capture very well the growth dynamics of RBE; and (d) the rather wild swings in growth rates experienced during the last five years. On the average, it is correct to deduce that RBE declined in real terms. In 1992, expenditures from this source were $98.1 million below the level recorded in the previous year: $241.6 million compared to $340.2 million in 1991.

18. In 1992, of the 18 agencies with RBE, WHO, as in previous years, had the largest share, with $107.4 million, or about 44.5 per cent of the expenditure. Compared to past years, two observations can be made regarding WHO: RBE declined by 46.7 per cent over the 1991 level; and the WHO share in this category of expenditure also fell (from 59.3 per cent in 1991). FAO and IAEA, traditionally large agencies in terms of RBE, incurred expenditures of $36.1 million and $38.6 million, respectively. In other words, expenditures by FAO dropped by 12.6 per cent while those by IAEA witnessed a relatively comfortable growth of 7.8 per cent. These three agencies - WHO, FAO and IAEA - therefore constitute the principal source of RBE accounting for three quarters (75.4 per cent) during 1992. In effect, one distinguishing feature of RBE is that they are dominated by larger agencies: seven agencies provided about 93 per cent of RBE during 1992, compared to 94 per cent in the previous year (table 1). Expenditures from four regional economic commissions (ECA, the Economic Commission for Europe (ECE), the Economic Commission for Latin America and the Caribbean (ECLAC) and the Economic and Social Commission for Asia and the Pacific (ESCAP)) were below the 1991 level. (Since 1990, no expenditure

data have been received from the Economic and Social Commission for Western Asia (ESCWA), which is headquartered in Iraq.) One of the smaller agencies, the World Intellectual Property Organization (WIPO), experienced a sudden upsurge in expenditure: $5.1 million in 1992 compared to $3.8 million in the previous year, representing an increase of 34.2 per cent.

Table 1. Distribution of regular budgetary expenditure by agency, 1991-1992

(Millions of dollars)

| Agency | Regular budgetary expenditure | | Percentage change |
|---|---|---|---|
| | 1991 | 1992 | |
| WHO | 201.6 | 107.4 | (46.7) |
| FAO | 41.3 | 36.1 | (12.6) |
| IAEA | 35.8 | 38.6 | 7.8 |
| ILO | 16.1 | 13.8 | (14.3) |
| UNESCO | 14.9 | 15.4 | 3.4 |
| DESD | 6.9 | 10.7 | 55.1 |
| UNIDO | 5.9 | 2.6 | (55.9) |
| Subtotal | 322.5 | 224.6 | (18.6) |
| Percentage of total RBE | 94.8 | 93.0 | (1.9) |
| Other agencies | 17.7 | 16.9 | (4.5) |
| Percentage of total RBE | 5.2 | 7.0 | 1.8 |
| Total | 340.2 | 241.6 | (17.7) |

Source: DP/1993/58/Add.1, table 1.

Chart 4. Regular budget expenditure of agencies:growth rate 1985-1992

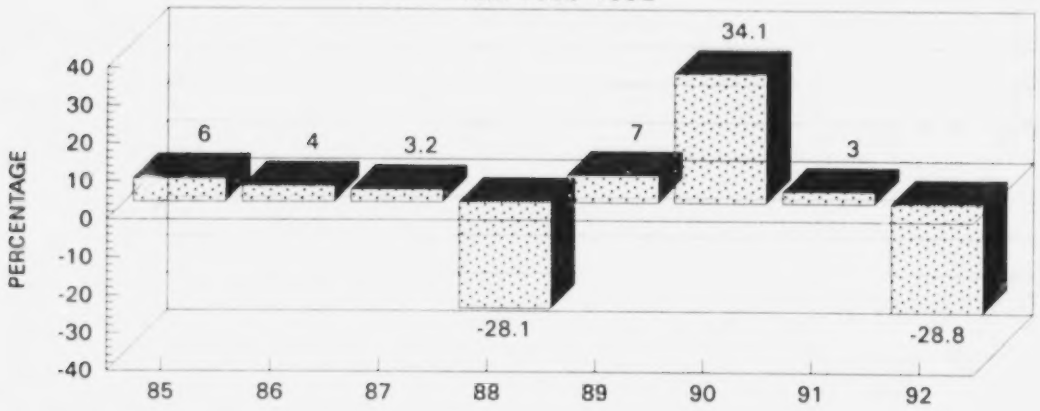



Chart 5. Total extrabudgetary expenditure: growth rate, 1985-1992

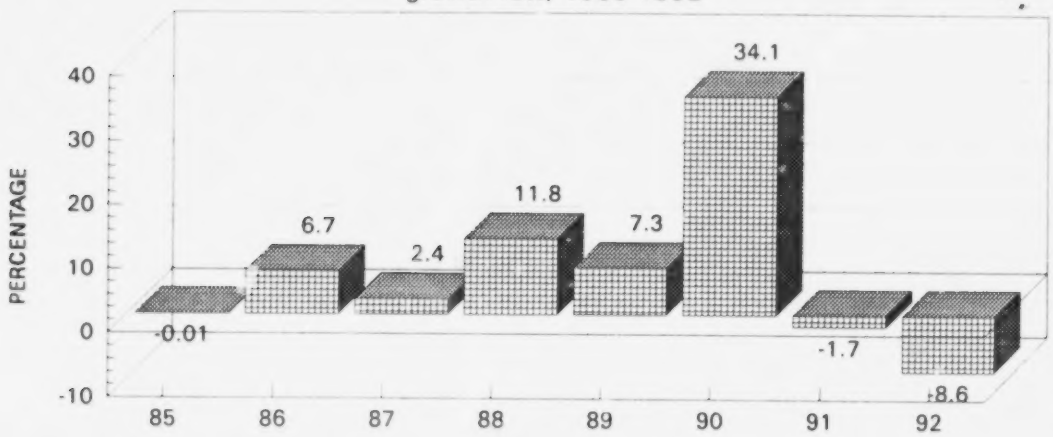
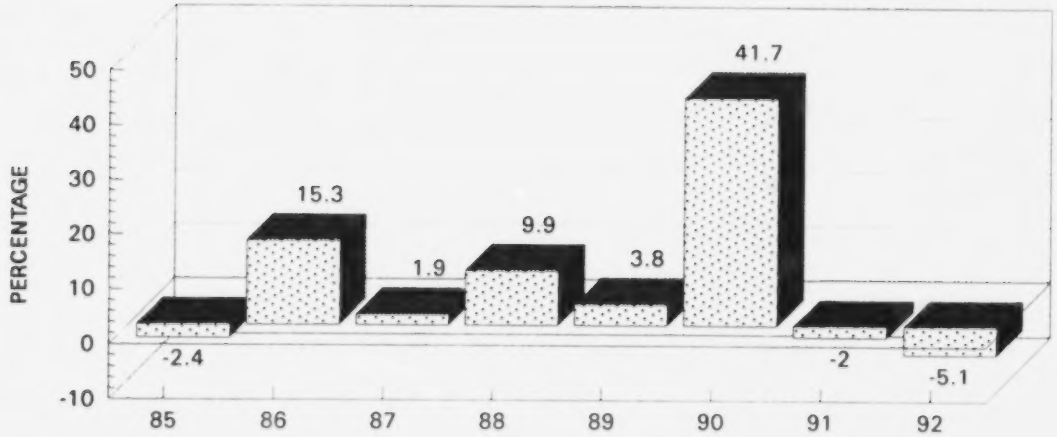



Chart 6. Extrabudgetary expenditure of agencies: growth rate, 1985-1992

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## C. Total extrabudgetary expenditure

19. Total extrabudgetary expenditures (TEBE) are defined as the sum of agency EBEs plus expenditures by UNFPA. EBEs refer to expenditures that are financed from sources other than the regular budget, UNDP (central and administered funds) or UNFPA. EBEs are funded essentially by multilateral sources outside of the United Nations system and by bilateral sources. The distinction between RBEs and EBEs is that the former are based on an assessed contribution by member States while the latter are voluntary in nature.

20. After a negligible decline (0.01) in 1985, TEBE grew at a fairly rapid pace - 12.5 per cent per annum between 1986 and 1990. Indeed, this was a five-year period of unbroken growth. However, the growth trend was interrupted during the last two years as TEBE registered negative growth (chart 5). TEBE amounted to $855 million in 1992 compared to $935 million in the previous year, a decline of 8.6 per cent.

21. The three possible ways of calculating TEBE are shown in table 3. In theory there should be no significant difference among these methods since they are merely different ways of looking at the same thing. Methods (1) and (2) can be termed the "agency approach 1" and "agency approach 2", respectively, while method (3) can be labelled the "source approach".

22. Agency approach 1 takes TEBE as the sum of EBE and UNFPA expenditures. EBE comprised about 81 per cent of TEBE during the 1985-1992 period, although there has been a tendency for this share to increase gradually over time. The dominance of EBE in TEBE implies that the patterns of these two variables are exactly the same (compare charts 5 and 6). Several features may be noted about the rate of growth of EBE: (a) generally high rates of positive growth have been recorded - much higher than the negative rates; (b) growth occurred for five straight years; (c) the last two years have been characterized by declining growth which was rather pronounced in 1992 (even so, the level of growth suggests an upward trend and it is likely that the average rate of growth will improve over time); (d) the huge increase in 1991 is due to revised expenditure data on WHO; and (e) the steep fall of 5.1 per cent in 1992 is attributable to a corresponding movement in WHO EBE.

23. In 1992 EBE totalled $727 million, representing a fall of 5.1 per cent over the $766 million of the previous year. Of the 21 agencies with EBE, WHO, as in previous years, accounted for as much as one third, or about $238 million. In fact, two features about WHO may be noted: (a) its EBE in 1992 were 21 per cent lower than in 1991; and (b) its share in this category of expenditure for all agencies was 33 per cent in 1992, compared to 39 per cent in the previous year. Another sizable share of EBE of all agencies comes from FAO: $182.3 million, or 25 per cent, in 1992, compared to $178.3 million, or 23 per cent, in 1991. Other agencies with substantial expenditure under this category include UNIDO, UNESCO, ILO and ITC (see table 2 for details). These six agencies together accounted for 87 per cent of EBE from all agencies during the last two years. Three of the four regional economic commissions that submitted data (ECA, ECE and ESCAP) experienced a drop in their EBE in 1992. ECLAC recorded an increase of 15.6 per cent.

24. Expenditures by UNFPA make up the other component of TEBE. Over the 1985-1992 period, expenditures from this source ranged between 15 and 24 per cent as a share of TEBE. For the period as a whole the low point was reached in 1992 - expenditure from this source constituted 15 per cent of TEBE. In terms of dollar amounts, $128.2 million was expended by UNFPA in 1992, compared to $171.8 million in the previous year. The decline of 25.6 per cent was the largest since 1984.

25. UNFPA does not implement its own projects on a large scale. This explains why it was directly responsible for only $31.2 million, or about one quarter of its expenditure in 1992. Governments themselves are responsible for a relatively large share: $27 million compared to $30.9 million in 1991. NGOs, as usual, followed closely with $19.4 million, about the same level as in previous years. Other important agencies include the Department of Economic and Social Development of the United Nations Secretariat (DESD), WHO, ILO, UNESCO and UNICEF.

26. The health, population and agriculture sectors accounted for almost 62 per cent of TEBE in 1992, down from 68 per cent in 1991. More specifically, about 29 per cent of TEBE was invested in the health sector, almost all of which was funded by WHO. In dollar terms, $249.8 million was devoted to the improvement of health in developing countries during 1992, a decline of $54.2 million, or 17.8 per cent, below the previous year ($304 million). The entire $128.2 million of UNFPA expenditure was devoted to population issues in developing countries, accounting for 15 per cent of TEBE, compared to 17 per cent in 1991. Agriculture, which is of considerable importance to gross domestic product (GDP), exports and employment, and thus an important barometer of overall economic health, attracted 18 per cent of the funds ($151.9 million) compared to 16 per cent ($150.6 million) in 1991.

27. Industry, natural resources, employment, transport and communications, international trade and development finance, science and technology and general development issues, policy and planning also received considerable amounts. A quick view of the sectoral distribution of agency EBE is given in table 3. (Fo further details see table 2 of DP/1993/58/Add.1.) Once allowance is made for UNFPA, the health and agriculture sectors dominate EBE. As table 3 reveals, both TEBE and EBE are much more evenly distributed across sectors once account is taken of the health, population and agriculture sectors. In other words, both TEBE and EBE are broad-based and concentrated as far as sectoral distribution is concerned.

Table 2. Distribution of extrabudgetary expenditure by agency, 1991-1992

(Millions of dollars)

| Agency | Agency extrabudgetary expenditure | | Percentage change |
|---|---|---|---|
| | 1991 | 1992 | |
| WHO | 300.6 | 237.7 | (20.9) |
| FAO | 178.3 | 182.3 | 2.2 |
| UNIDO | 61.6 | 68.3 | 10.9 |
| UNESCO | 41.4 | 61.4 | 48.3 |
| ILO | 57.2 | 61.4 | 7.3 |
| ITC | 19.6 | 20.3 | 3.6 |
| DESD | 18.3 | 19.8 | 8.2 |
| WMO | 15.6 | 12.0 | (23.1) |
| Subtotal | 692.6 | 663.2 | (10.3) |
| Percentage of total EBE | 90.4 | 91.2 | 0.8 |
| Other agencies | 73.2 | 64.0 | (12.6) |
| Percentage of total EBE | 9.6 | 8.8 | (0.2) |
| Total EBE | 765.8 | 727.2 | (5.1) |

Source: DP/1993/58/Add.1, table 1.

Table 3. Sectoral distribution of total extrabudgetary expenditure, 1991-1992

(Millions of dollars)

| Sector | 1991 | 1992 | Per cent change |
|---|---|---|---|
| Health | 304.0 | 249.8 | (17.8) |
| Agriculture, forestry and fisheries | 150.6 | 151.9 | 0.9 |
| Population | 171.8 | 128.2 | (25.4) |
| Industry | 66.2 | 70.8 | 6.9 |
| Natural resources | 38.6 | 42.4 | 9.8 |
| Transport and communication | 38.1 | 36.9 | (3.1) |
| International trade and development finance | 36.4 | 29.3 | (19.5) |
| Employment | 34.3 | 39.3 | 14.66 |
| Science and technology | 25.8 | 25.8 | 0.0 |
| General development issues, policy and planning | 18.5 | 17.9 | (3.2) |
| Subtotal | 884.3 | 792.3 | (10.4) |
| Other sectors | 53.3 | 63.1 | 18.4 |
| Total | 937.6 | 855.4 | (8.8) |

Source: DP/1993/58/Add.1, table 2.

Note: In table 2, TEBE is the sum of the columns titled "funded by extrabudgetary sources other than UNDP, UNFPA and UNDP-administered funds" and "funded by UNFPA".

28. It is now possible to draw a few conclusions about specialized agency RBE and EBE. First, the two largest agencies, WHO and FAO, rely heavily on EBEs to fund their technical cooperation activities. Indeed, the EBEs for these two agencies have always been greater than their RBEs. In the case of FAO, its EBEs were five times higher than RBEs in 1992; for WHO the ratio was about 2:2.22. Thus, the distribution of WHO expenditures between regular and extrabudgetary sources are not as skewed as that of FAO, which implies that the latter organization is much more dependent on extrabudgetary sources of finance.

29. Second, the EBEs of other agencies (UNIDO, UNESCO, ILO, ITC, DESD, the World Meteorological Organization (WMO), ECLAC, ESCAP, IAEA, the International Civil Aviation Organization (ICAO), IMO, the United Nations Centre for Human Settlements (UNCHS) and the United Nations Conference on Trade and Development (UNCTAD)) are also relatively large compared to their RBEs. Finally, all agencies have EBEs but not all of them have RBEs. The underlying implication is that many more agencies are relying on extrabudgetary rather than regular budget

expenditures to fund technical cooperation activities. Two further implications follow: (a) given the voluntary nature of EBE, most agencies are likely to experience a fall in expenditures during periods of economic downturn; and (b) the smaller agencies are more prone to the effects of falling extrabudgetary resources since a larger share of their expenditures comes from extrabudgetary sources.

30. TEBE can also be looked at from the "source approach" to expenditure, as shown in table 3. These sources are both multilateral and bilateral. The terminology of "source approach" is somewhat confusing. The central idea, however, is to highlight the origin of the expenditures rather than drawing attention to the fact that all expenditures pass through the United Nations system regardless of where they originate. Each source is discussed briefly below.

### 1. Multilateral sources

31. The change in the definition of NFTCE has a negative impact on this source in that expenditures from UNDP administered funds are no longer included. In short, tables 3 (line B1) and 5 of DP/1993/58/Add.1 have been adjusted to reflect this new definition of NFTCE. Expenditure from multilateral sources has always constituted a relatively large share of TEBE, averaging 27.5 per cent during the 1985-1992 period. As with most financial arrangements in the United Nations system, this ratio continually changes. Nevertheless, it has shown a downward trend after peaking at 33.3 per cent in 1985. In 1992 it was 22.2 per cent of TEBE compared with 25.8 per cent in the previous year. This fluctuating ratio is a result of the annual increase and decrease in the rate of growth of expenditures from multilateral sources (chart 7). In 1992, expenditures from this source were $189.8 million, down from $242.1 million the previous year, a fall of 21.7 per cent.

32. It is customary to distinguish between two types of multilateral sources. The first are expenditures provided by the United Nations system, excluding expenditures by UNDP. This is a circular flow, as part of the expenditures of one agency are financed by another. The second relates to multilateral sources outside of the United Nations system. This second type are expenditures by the United Nations system that have been financed by multilateral agencies that are not part of the United Nations system. (See table 4 for details.)

Table 4. Three ways of calculating total extrabudgetary expenditure, 1991-1992

(Millions of dollars)

| | | 1991 | 1992 | Percentage change |
|---|---|---|---|---|
| (1) | Agency approach 1: TEBE - DP/1993/58/Add.1, table 1: | | | |
| | Extrabudgetary expenditures from sources other than UNDP and UNFPA | 765.8 | 727.2 | (5.1) |
| | Extrabudgetary expenditures - UNFPA | 171.8 | 128.2 | (25.4) |
| | TEBE | 937.6 | 855.4 | (8.6) |
| (2) | Agency approach 2: TEBE - DP/1993/58/Add.1, table 10: | | | |
| | Agency extrabudgetary expenditures | 680.4 | 659.5 | (3.1) |
| | UNFPA expenditures | 171.8 | 128.2 | (25.4) |
| | Self-supporting expenditures | 85.4 | 67.7 | (1.7) |
| | TEBE | 937.6 | 855.4 | (8.6) |
| (3) | Source approach: TEBE - DP/1993/58/Add.1, tables 3, 5, 6 and 7: | | | |
| | Multilateral sources: | | | |
| | United Nations system sources other than UNDP central resources and administered funds (table 5 or line B1 of table 3) | 194.6 | 153.5 | (21.1) |
| | Non-United Nations system multilateral sources (table 6 or line B2 of table 3) | 47.5 | 36.1 | (24.0) |
| | Subtotal | 242.1 | 189.6 | (21.7) |
| | Bilateral sources: | | | |
| | Bilateral expenditures channelled through the United Nations system (table 7 or line C1 of table 3) | 622.4 | 598.1 | (3.9) |
| | Unilateral self-supporting expenditures (table 10 or line C2 of table 3) | 73.1 | 67.7 | (7.4) |
| | Subtotal | 695.5 | 665.8 | (4.3) |
| | TEBE | 937.6 | 855.4 | (8.6) |

Source: DP/1993/58/Add.1, tables 1, 3, 5, 6, 7 and 10.

Chart 7. Multilateral expenditure: growth rate, 1985-1992

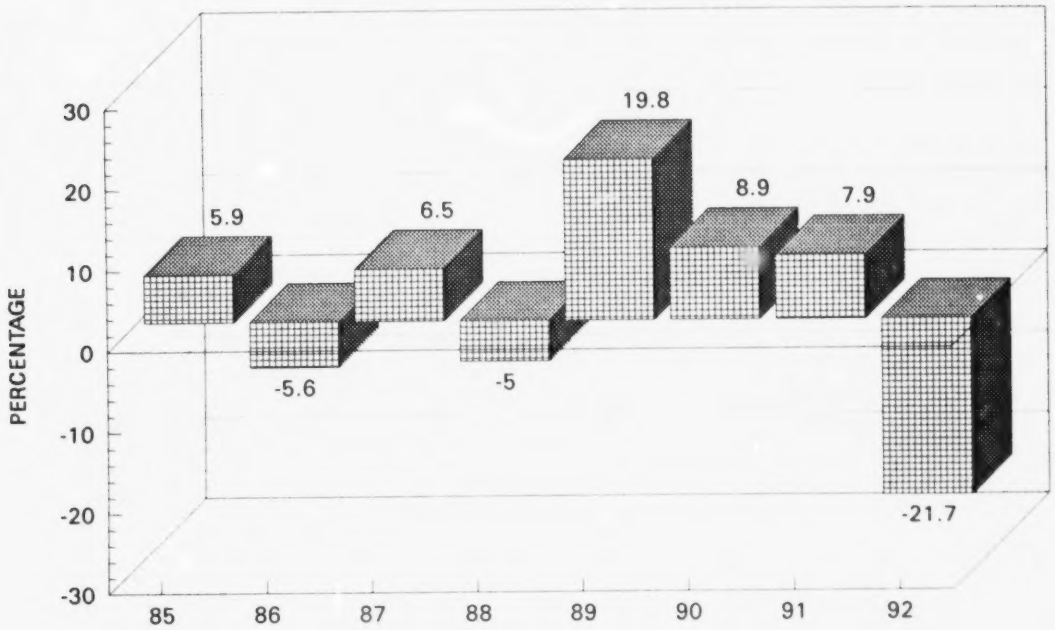
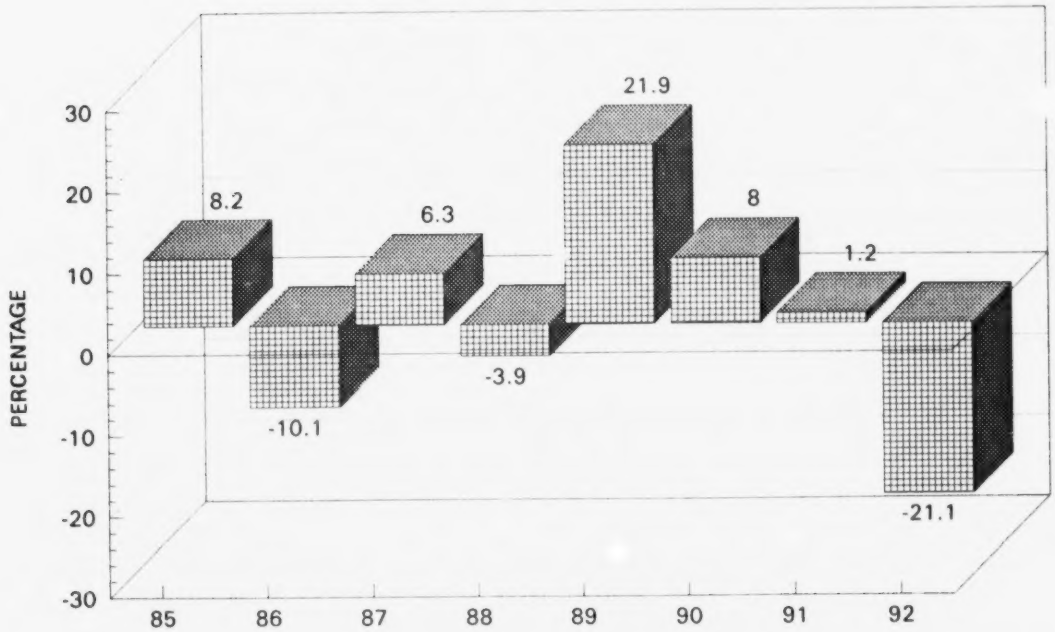



Chart 8. B1 expenditure: growth rate, 1985-1992

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United Nations system other than UNDP central resources and administered funds (line B1 of table 3 and table 5 of DP/1993/58/Add.1)

33. Expenditures from this source - financed from within the United Nations system itself - account for the major portion of total multilateral expenditures. This can be seen in the parallel movement of the rate of growth of the two variables in charts 7 and 8. As a share of TEBE, B1 expenditures ranged between 22 and 29 per cent during the 1985-1992 period. A distinguishing feature of expenditures from this source is the regular fluctuations that occurred between 1982 and 1989. This pattern gave way to an upward trend between 1989 and 1991, which was interrupted by a steep decline of 21.1 per cent in 1992 (chart 8). The trend of B1 expenditure is downward; that is, there is a tendency for rates of growth to get smaller. In 1992, B1 expenditures amounted $153.5 million, a drop of $41.1 million below the level recorded in 1991 ($194.6 million). (B1 expenditure peaked in 1991.)

34. In contrast to previous years, the largest share of B1 expenditure - 20 per cent - were from UNFPA: $31.2 million compared to $29.5 million in 1991. Another $27.5 million was from Governments, representing a decline of $3.4 million over the previous year. It is necessary to point out that Governments do not fund activities (projects) executed by them. What is referred to here is the monetary value of these activities, for which funding was provided by various agencies. NGOs were responsible for $19.4 million, as against $19.9 million in the previous year. Other agencies with significant expenditures during 1992 include: DESD ($20.7 million); WHO ($16.2 million); UNESCO ($10.7 million); ILO ($7.1 million); FAO ($6 million); and ECLAC ($2.4 million). In effect, B1 expenditure is rather broadly distributed among agencies.

Multilateral sources outside of the United Nations system (line B2 of table 3 and table 6 of DP/1993/58/Add.1)

35. These "outside sources" are multilateral organizations that channel expenditures intended to fund technical cooperation activities through the United Nations system, with certain agencies serving as the conduit. That is, these multilateral organizations, including the Asian Development Bank (AsDB) and African Development Bank (AfDB) provide funding for projects in developing countries through the United Nations system. Expenditures from these sources averaged slightly under 5 per cent of TEBE during the 1985-1992 period, with a range of 3.4 to 5.1 per cent. The rate of growth of B2 expenditures ranged from -24 to 48.4 per cent during the same period (see chart 9). After alternating between positive and negative rates from 1985 to 1988, rapid increases were registered over the next three years. The rapid growth of 48.4 per cent in 1991 is due to revised data from WHO. The year reviewed recorded a drop of 24 per cent, as expenditures fell from $47.5 million in 1991 to $361 million. The last two years are thus unusual: they have seen very large changes in B1 expenditures.

Chart 9. B2 expenditure: growth rate, 1985-1992

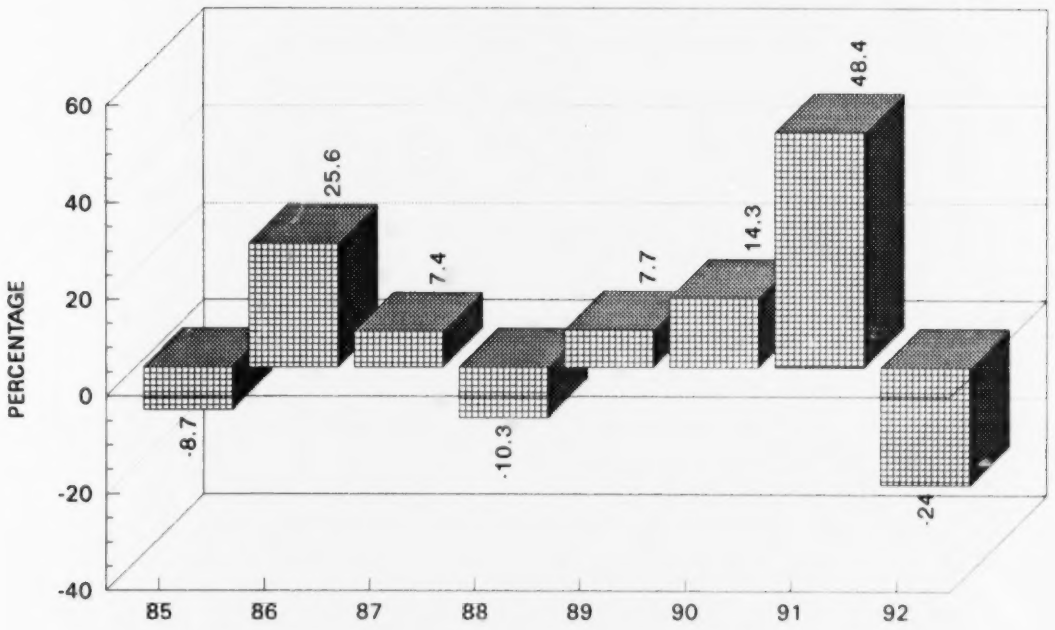
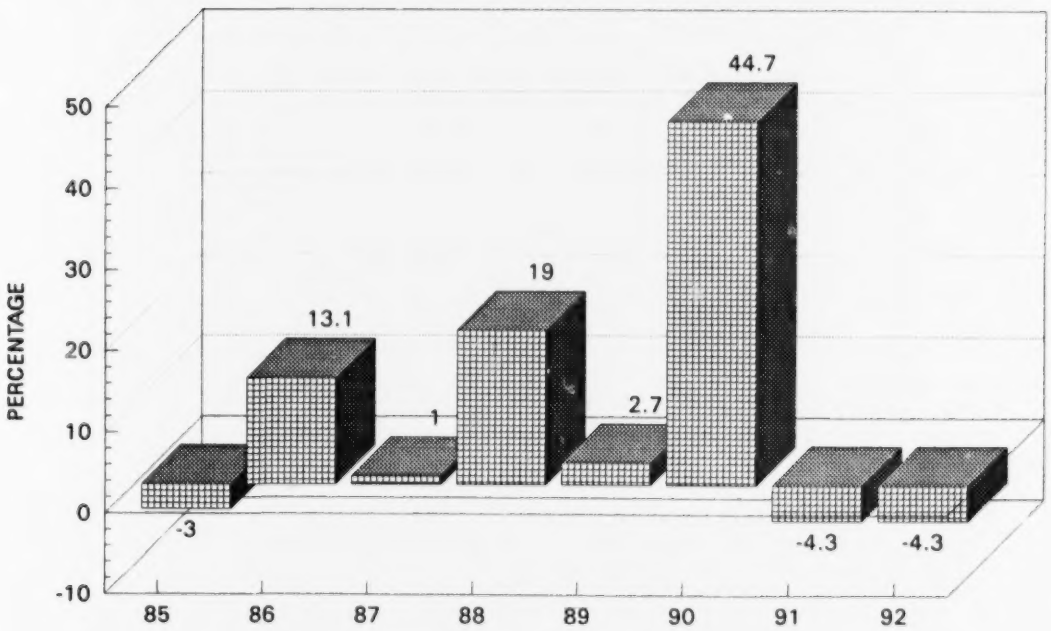



Chart 10. Bilateral expenditure: growth rate, 1985-1992

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36. As observed in previous reports (DP/1991/69, p. 13, for example) over three quarters of all "outside" expenditures had been made available to FAO for funding activities relating to the agricultural sector in developing countries. In 1992 this overwhelming percentage of FAO expenditures continued, but at a much reduced level (only 65 per cent of resources or $23.3 million, as compared to $38 million in 1991). UNESCO was responsible for another 24 per cent - $8.6 million - which is much higher than in the previous year ($1.9 million). ILO also provided important avenues for outside funds to the developing world ($1.7 million, as against $3.4 million in 1991). The rest of B2 expenditures were distributed among ICAO, IAEA, IMO, UNIDO and UNCTAD. In fact, this has always been the case: B2 expenditures are routed through a relatively small number of agencies.

## 2. Bilateral sources

37. Bilateral sources accounted for about 72.5 per cent of TEBE during the 1985-1992 period. The data suggest a long-term trend of increasing reliance on bilateral sources for funding of technical cooperation activities. For example, the share of this source in TEBE grew from 67 per cent in 1985 to 78 per cent in 1992. After a decline of 3 per cent in 1985, bilateral expenditures channelled through the United Nations system grew steadily at an average annual rate of 16 per cent over the next five years. A principal reason for this was the rapid increase of 44.7 per cent in 1990, which was again due to revised data from WHO. For the next two years bilateral expenditures declined by 4.3 per cent (chart 10). Clearly, then, there are two distinct features characterizing expenditures from bilateral sources: (a) a long-term tendency towards an increasing share of TEBE and (b) a relatively high rate of growth mixed with rather low rates of decline.

38. As with multilateral sources, expenditures from bilateral sources are broken down into: bilateral expenditures channelled through the United Nations system (C1) and unilateral self-supporting expenditures (C2).

Bilateral expenditures channelled through the United Nations system (line C1 of table 3 and table 7 of DP/1993/58/Add.1)

39. This source constitutes the single largest expenditure category of TEBE (62.3 per cent during the 1985-1992 period). The share of expenditure from C1 sources shows two types of movement: (a) an annual decline between 1980 and 1984 and (b) an upward pattern between 1985 and 1992, averaging 70 per cent in 1992, the highest share since 1980. The growth rate of expenditures from C1 sources exhibits a peculiar pattern during the 1985-1990 period alternating between low and high rates (see chart 11). In the last two years the fluctuations were replaced with a sustained decline. In general, therefore, C1 expenditures increased rapidly during this period. Given the size of C1 in total bilateral expenditures and the nature of the rate of growth of C1 expenditures, it is logical to expect that the profile of C1 and total bilateral expenditures mirror each other (see charts 10 and 11).

40. As might be expected, C1 expenditures also constituted the largest portion of total bilateral expenditures, as much as 86 per cent during the eight years between 1985 and 1992. More importantly, its share has been growing. For example, in 1985 C1 made up 76 per cent of total bilateral expenditure; by 1992 it reached 80 per cent.

41. The distribution of C1 expenditures reaches almost all specialized agencies in the United Nations system. The exceptions are ECE, the World Bank and Governments. Therefore specialized agencies all depend on funding from this source. Total expenditures from C1 sources reached $598.1 million during the year reviewed, 3.9 per cent below the $622.4 million in 1991. As in previous years, C1 expenditures were dominated by WHO, with an annual average of about 37 per cent. In 1992 WHO expenditures from this source totalled $222.2 million. FAO accounted for 23 per cent with $134.6 million. Other agencies with relatively large C1 expenditures included UNIDO, UNESCO, ITC, ILO and WMO (see table 5).

Table 5. Distribution of C1 expenditure by agency, 1992

(Millions of dollars)

| Agency | 1991 | Per cent of C1 | 1992 | Per cent of C1 |
|---|---|---|---|---|
| WHO | 228.5 | 45.7 | 222.2 | 37.2 |
| FAO | 110.3 | 17.7 | 134.6 | 22.5 |
| UNIDO | 46.9 | 7.6 | 53.0 | 8.9 |
| ILO | 51.1 | 8.2 | 54.6 | 9.1 |
| UNESCO | 31.9 | 5.1 | 44.5 | 7.4 |
| ITC | 19.6 | 3.2 | 19.8 | 3.3 |
| DESD | 11.4 | 1.8 | 12.7 | 2.1 |
| WMO | 15.0 | 2.4 | 12.0 | 2.0 |
| Subtotal | 570.7 | 91.7 | 553.4 | 92.5 |
| Others | 51.7 | 8.3 | 44.7 | 7.5 |
| Total | 622.4 | 100.0 | 523.0 | 100.0 |

Source: Table 3, DP/1993/58/Add.1 and DP/1993/57/Add.1.

Chart 11. C1 expenditure: growth rate, 1985-1992

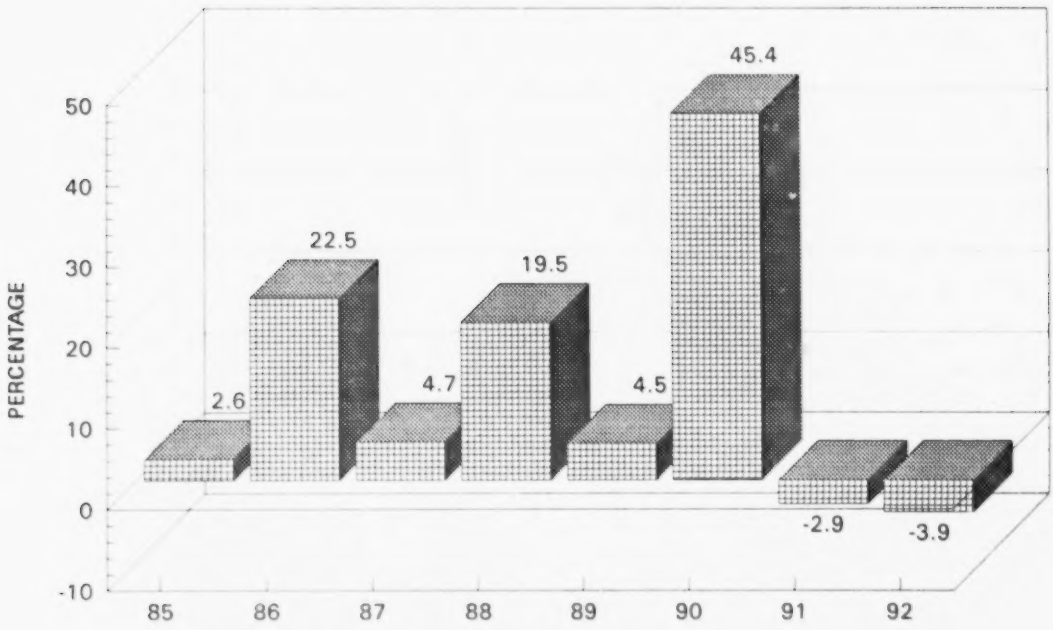
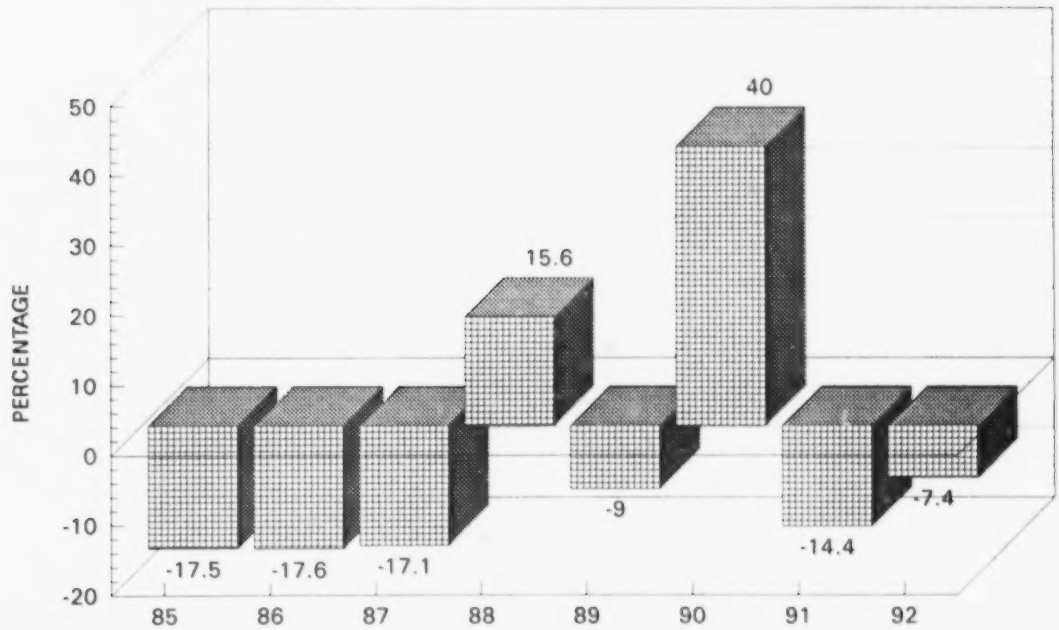



Chart 12. C2 expenditure: growth rate, 1985-1992

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Unilateral self-supporting expenditures (line C2 of table 3 and table 10 of DP/1993/58/Add.1)

42. The term "unilateral" is employed to emphasize the fact that expenditures are used to finance technical cooperation activities within the country that made the contribution to the United Nations system. In other words, the expenditure is passed from a country to the United Nations system and back to the same country; the only difference is that it has acquired a dual character: unilateral, since it returns to the contributing country but, because it is routed through the United Nations system, also bilateral. Hence its inclusion under the rubric of bilateral expenditures.

43. A particular visible feature of unilateral self-supporting expenditures is its wide variations over the last decade, oscillating between $53 million and $103 million from 1980 to 1992. This implies a wide fluctuation of C2 expenditure as a share of bilateral expenditure. Indeed, it ranges from 10 to 28 per cent during the 13-year period. Moreover, since 1986, C2 as a share of bilateral expenditures has been falling, reaching 10.2 per cent in 1992. This uncertain annual movement of self-supporting expenditures is to a large extent attributable to their very character, namely, that they are intended to finance technical cooperation activities only in the contributing country and are therefore subject to the vagaries of local circumstances.

44. One other highly noticeable feature of C2 expenditure is the pattern of its rate of growth: a very high rate of both positive and negative value: -17.6 to 40 per cent. Another peculiar feature of the rate of growth of C2 expenditure is the frequency with which negative values have been registered: five times over the last eight years. If the series is averaged, then expenditures from this source declined by 3.4 per cent per year. Chart 12 shows the behaviour of three growth rates of C2 during 1985-1992.

45. In 1992, C2 expenditure amounted to $67.7 million, down from $73.1 million in 1991. Unilateral self-supporting expenditures are a general feature of the United Nations system in that the majority of developing countries contribute to such expenditures. However, while country participation is extensive, the bulk of the expenditure is concentrated in a few countries. In other words, involvement with C2 expenditure is at the same time broad-based and concentrated. The Libyan Arab Jamahiriya and Saudi Arabia together provided 35 per cent of unilateral self-supporting expenditures. If Egypt, Ghana, Guinea-Bissau, India, Indonesia, Nigeria, Turkey and the United Republic of Tanzania are added, two thirds of the expenditures from this source were attributable to these countries. The C1 expenditure of all of these countries exceeded $1 million. With the exception of the Libyan Arab Jamahiriya and Saudi Arabia, the countries included in the group of major contributors change from year to year.

46. The largest proportion of unilateral self-supporting expenditure - about 40 per cent over the last several years, and 30 per cent in 1992 - is passed through FAO for work in the agriculture, forestry and fisheries sectors ($20 million, compared to $25.5 million 1991). This declining share of FAO in C2 expenditure is a long-term feature and is expected to continue. Another 18.8 per cent of C2 expenditure ($12.7 million) was routed through DESD, compared to 15.6 per cent ($11.4 million) in the previous years. Over the past

few years, C2 expenditures routed through WHO have been growing: $12 million (17.7 per cent) as against $12.9 million (12.6 per cent) in 1991 and $8.3 million (10.3 per cent) in 1990. UNIDO incurred $10 million (14.8 per cent) in 1992 and $10.8 million (14.8 per cent) in 1991. A relatively large percentage is also routed through ICAO to fund civil aviation activities: $8.4 million (12.4 per cent) as against $11.4 million (15.6 per cent) in 1991. Other agencies with significant C2 expenditures include ILO, ITU, WIPO, UNESCO and ECA. The observation that the "soft sectors" - sectors in which investment do not result in tangible assets or yield an immediate return, such as education and culture - are the recipients of only marginal amounts of expenditures from this source (DP/1990/74, p. 18) continues to hold true.

## II. EXTRABUDGETARY CONTRIBUTIONS TO AGENCIES FOR TECHNICAL COOPERATION ACTIVITIES

47. The present classification of extrabudgetary contributions, introduced in 1979, was meant to provide a method of organizing contributions according to source: multilateral and bilateral and their various subdivisions. One outcome of this process was that comparative analysis between extrabudgetary contributions and expenditures was rendered much easier. It is necessary to observe, however, that extrabudgetary contributions are intended to fund only EBEs of the specialized agencies, excluding UNFPA. Contributions come from both bilateral and multilateral sources, including the United Nations system itself. Contributions from the latter imply a circular movement of funds, as the expenditures of one agency become the contributions of another (see "United Nations system", table 8, DP/1993/58/Add.1). Data on contributions for 1992 are contained in tables 8 and 9 of DP/1993/58/Add.1, while a guide to the classification and definition of contributions and expenditures is given in the annex to this report. It should be clear that the present report in no way attempts to document contributions made to UNFPA, UNICEF, WFP or UNDP (central resources and administered funds).

48. The question of the relationship between extrabudgetary contributions and EBEs has been fraught with confusion; even in mainstream economic theory the relationship is debatable. In the context of this report, much of this confusion can be avoided if certain things are clarified at the outset. It is necessary to note that, in the present discussion, expenditure refers to EBEs of the traditional agencies, excluding UNFPA; that is, it is TEBE less expenditure by UNFPA. Total extrabudgetary contributions, similarly, refer to contributions made to agencies; they do not include contributions made to UNFPA and UNDP-administered funds, UNICEF, or WFP. In other words, the discussion in this section of the report is about the extrabudgetary contributions and expenditures of agencies. Agency extrabudgetary contributions are intended to finance their EBEs and should not be confused with RBEs which are funded from regular agency budgets. Second, there is always a lag between contributions and expenditure. While the time between the receipt of contributions and disbursement of expenditures is not known, it is quite probable that the time pattern of contributions affects the time pattern of expenditure. Third, as noted at the beginning of the present report, some agencies have a biennial budget while others have annual budgets. This affects planning, which is based, inter alia, on estimates of resource availability and thus inevitably influences the pattern of expenditure. Finally, as a result of the foregoing points, it cannot be

inferred that the discrepancy between the contributions and expenditures is attributable to administrative costs. The data on hand do not permit such an inference, which could be misleading.

49. It is with these caveats in mind that chart 13 should be read: it shows the discrepancy between the contributions and expenditures. Starting from a base of about 30 per cent in 1981, the gap narrows dramatically to about 3 per cent in 1985; thereafter it widens annually to 34.5 per cent in 1988-1989. In 1990 the discrepancy contracted to about 26 per cent and narrowed even further to 21 per cent in the following year. In 1992 the gap between contributions and expenditures was about 25 per cent. Such irregular behaviour certainly cannot be explained by the behaviour of administrative costs alone. But while the discrepancy is interesting, the exploration of its underlying causes is outside the scope of this paper, which seeks only to demonstrate that there is a lag between expenditures and contributions and that the discrepancy by itself is no cause for alarm.

50. To get an insight into the pattern of contributions over the 1985-1992 period, see chart 14. Despite several years of growth, the rate of contributions, while positive, is falling. The fact that contributions decreased by 5.5 per cent in 1992 is perhaps not surprising, given the economic conditions prevailing in 1991-1992. Contributions are naturally tied to economic growth, or lack of it.

51. Chart 14 shows the rate of contributions during the eight-year period from 1985 to 1992. The first and last year of this period registered negative growth, which was almost three times as deep in the beginning year of the period. The intermediate years, 1986-1991, witnessed strong growth of contributions, averaging 17.8 per cent annually. Clearly, such high rates are more than sufficient to allow for a real increase.

52. During 1992 total contributions (sum of tables 8 and 9 of DP/1993/58/Add.1) received to finance agency EBE (excluding UNFPA) amounted to $973.1 million, which is below 1991 levels ($1,029.4 million). As pointed out at the beginning of this section, contributions originate from bilateral and multilateral sources.

Chart 13. Discrepancy between extrabudgetary expenditure and contribution, 1981-1992

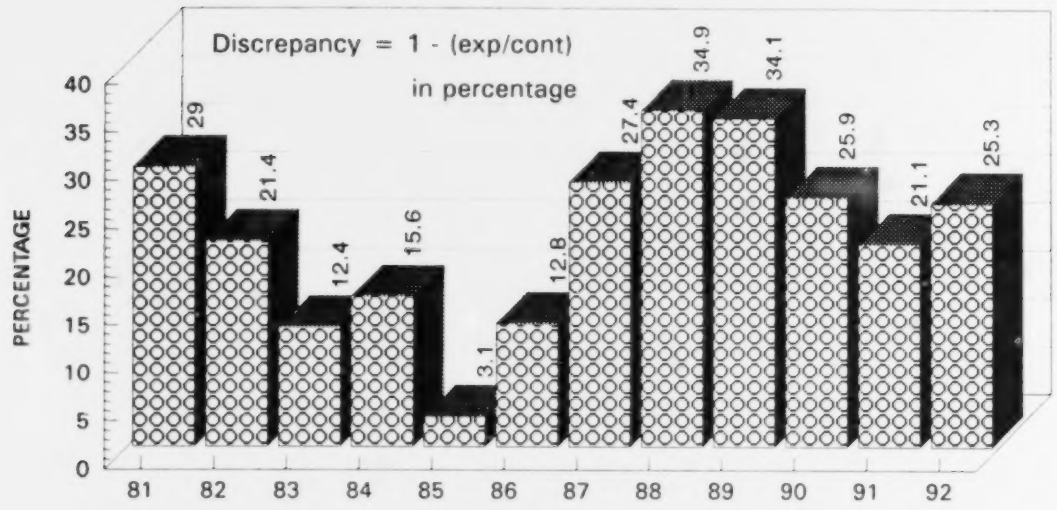
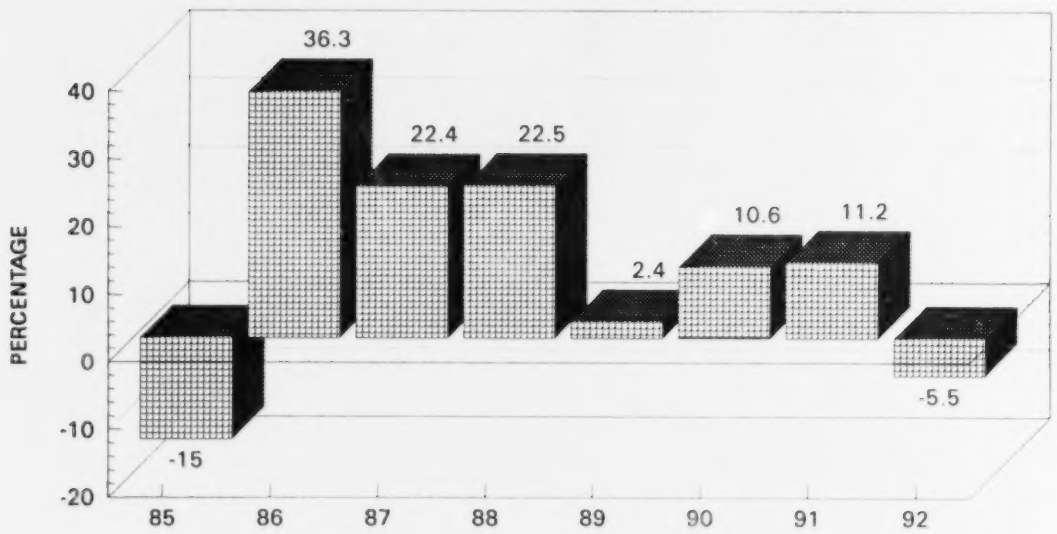


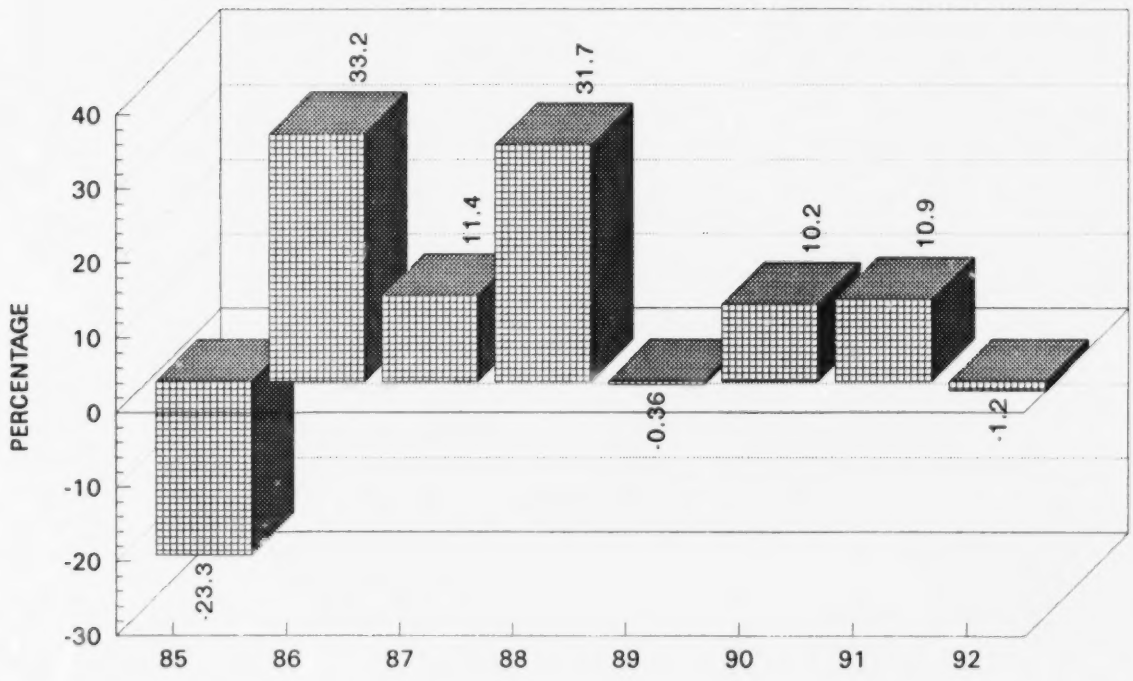

Chart 14. Extrabudgetary contribution: growth rate, 1985-1992



A. Bilateral contributions

53. As a general indicator, some two thirds of all extrabudgetary contributions are provided by bilateral, including unilateral, sources. Contributions from these sources have remained remarkably stable over time, ranging from 63 to 74 per cent during 1980-1992. Chart 15 indicates some interesting features of the rate of growth of bilateral contributions. First, to a large extent it represents a picture of the rate of growth of total contributions, which is not unexpected given the relative size of contributions from bilateral sources. To see this, compare charts 14 and 15: both show a similar time profile. Aside from the huge dip in 1985, contributions grew rapidly for the next three years before declining slightly in 1989. For the next two years contributions increased by more than 10 per cent. However, the year reviewed recorded another small dip of 1.2 per cent. It is fair to say that the rate of contributions is unpredictable. As chart 15 shows, the general trend in growth is downward. That is, there is a tendency for the rate of increase to become smaller on the average.

Chart 15. Bilateral contribution: growth rate, 1985-1992



54. Total contributions from bilateral sources, including unilateral sources, amounted to $665.1 million in 1992, as against $673.5 million in the previous year. Bilateral contributions can be subdivided as follows:

1. Bilateral contributions - countries/territories (table 8 of DP/1993/Add.1)

55. Contributions from member countries and territories show some important features: (a) they constitute the lion's share of bilateral funding - approximately 80 per cent since 1986; (b) as a share of total bilateral funding, they have been rising without interruption since 1986, growing from 78 per cent in 1986 to 86 per cent in 1991, but dropping to 83 per cent in 1992; (c) after a steep decline (16.5 per cent) in 1985, contributions grew very rapidly for the next three years, averaging 33.6 per cent per annum; (d) the rate of growth, while still positive, plunged to an average of about 6 per cent between 1989 and 1990; and (e) once again, in 1991, growth abruptly increased to 15.3 per cent and then sank to -4.7 per cent in 1992.

56. Contributions from this source amounted to $554.4 million, compared to $582 million in 1991. As is normally the case, more than one half of all contributions went to WHO and FAO: a combined total of $322.3 million as against $334.3 million in 1991. WHO received $181.3 million ($196.1 million in 1991) while for FAO the corresponding amount was $141 million ($138.2 million in 1991). Other agencies that received significant amounts include ILO, UNIDO, UNESCO, ITC and DESD. Countries that made major contributions in 1992 included: the Netherlands ($92 million); Italy ($91.6 million); Japan ($47.7 million); Sweden ($47.5 million); United States of America ($43.9 million); Norway ($37.8 million); Denmark ($31.5 million); Germany ($29.9 million); Switzerland ($28.4 million); United Kingdom of Great Britain and Northern Ireland ($24.7 million); France ($16.8 million); Canada ($13.3 million); and Belgium ($12.7 million).

2. Bilateral contributions - unilateral self-supporting sources (table 9 of DP/1993/58/Add.1)

57. Contributions from unilateral self-supporting sources, comprising about 15 per cent of total bilateral contributions since 1985, are distinguished by two features. The first is its rather erratic time profile over the last decade (compared to the other two bilateral sources). Two indications of this are (a) its wide variations - ranging between $56 million and $122 million during 1980-1992, and (b) the low rates of growth. As a result of the second feature the relative share of unilateral to total bilateral contributions has been on the decline since 1985, when it was 27.2 per cent. By 1992 it fell to 11.7 per cent. In short, unilateral contributions are characterized not only by a declining long-term trend but also by a great deal of uncertainty. Both of these features are, in effect, a reflection of the general economic conditions of developing countries that choose to use this mode of funding (i.e., of routing funds through the United Nations system back to their own economies), rising in times of economic growth and falling when economic performance is poor.

58. Contributions stemming from this source jumped to $77.7 million in 1992, rising from $63.8 million in 1991. This represents an increase of 21.8 per cent. As in past years, the largest share of unilateral contributions was intended for FAO: 50 per cent ($39 million) in 1992, which is far above that for 1991 (24 per cent or $15.5 million). Significant amounts, $8.6 million, $7.6 million, $6.4 million, $4.2 million and $3.9 million, were also received by UNIDO, ICAO, WHO, ILO and ITU, respectively. Contributions to all these agencies were below the amounts received for 1991.

59. Almost all countries participate in unilateral self-supporting contributions. At the same time, however, contributions are dominated by a few countries. Thus in 1992, $25.6 million, or one third of all such resources, was provided by Saudi Arabia. Another $7.7 million, 10 per cent, came from the Libyan Arab Jamahiriya. Other countries with major contributions included: United Republic of Tanzania ($5.5 million); Nigeria ($2.6 million); Indonesia ($2.7 million); India ($2.3 million); Ghana ($1.9 million); and Argentina ($1.3 million). Unilateral self-supporting contributions are thus, paradoxically, concentrated and dispersed at the same time.

### 3. Bilateral contributions - non-governmental organizations (table 8 of DP/1993/58/Add.1)

60. Contributions from this source represent, in effect, a transfer of resources from NGOs to the United Nations system to fund projects in developing countries. Most of these NGOs, as might be expected, are located in developed countries. Some are foundations, some are affiliated with private companies and others are non-profit organizations. The fact that these organizations choose to fund projects in the developing world by shifting part of their own resources to the United Nations system is a tribute to the work of the specialized agencies, given that these organizations are themselves directly involved on the ground with the practical aspects of development.

61. Contributions from NGOs constitute the smallest of the three bilateral sources, accounting for less than 5 per cent of bilateral contributions during 1985-1992. Contributions from this source declined in both 1985 and 1986. The next two years recorded extremely high rates of growth, averaging 32.6 per cent. A much more modest rate of increase (4.8 per cent) was experienced in the following year but in 1990 contributions jumped by 50 per cent. The steep decline in 1991 was reversed in 1992 as contributions shot up by 18 per cent. The behaviour of the rate of growth of NGO contributions is thus very uncertain.

62. Resources originating from this source reached $33.1 million, up from the $27.7 million in 1991. WHO, as usual, facilitated the transfer of $22.1 million - 67 per cent - of the contribution of NGOs to developing countries in 1992, about $5.67 million more than in the previous year. Another $4.9 million - 15 per cent - was routed through UNIDO, lower than the amount in 1991 ($6.7 million). In short, approximately 82 per cent of the contributions from this source was passed on to developing countries via WHO and UNIDO. UNESCO and FAO also received relatively large amounts of contributions from this source, $2.9 million and $1.1 million, respectively.

63. Some of the largest contributing NGOs over the last two years are shown in table 6.

Table 6. Largest contributing non-governmental organizations, 1992

| Non-governmental organizations | Millions of dollars |
|---|---|
| Carnegie Corporation, New York | 0.61 |
| Cement Company of Northern Nigeria | 0.58 |
| Central American Bank for Integration | 0.55 |
| ELF Foundation, France | 1.23 |
| Japan Wellness Foundation, Japan | 0.50 |
| Korean Pyengwang Trading Corporation, Korea | 0.50 |
| Merck Sharp and Dohne Research, USA | 7.21 |
| Nigerian National Petroleum Corporation, Nigeria | 0.78 |
| Rockefeller Foundation, USA | 1.79 |
| Rotary Foundation, USA | 1.06 |
| Sasakawa Health Trust Fund | 4.00 |
| Servicio Nacional de Aprendizageni Industrial, Brazil | 0.74 |
| Special Programme for Research and Training in Tropical Disease | 1.01 |
| Trust Fund Miscellaneous | 1.23 |

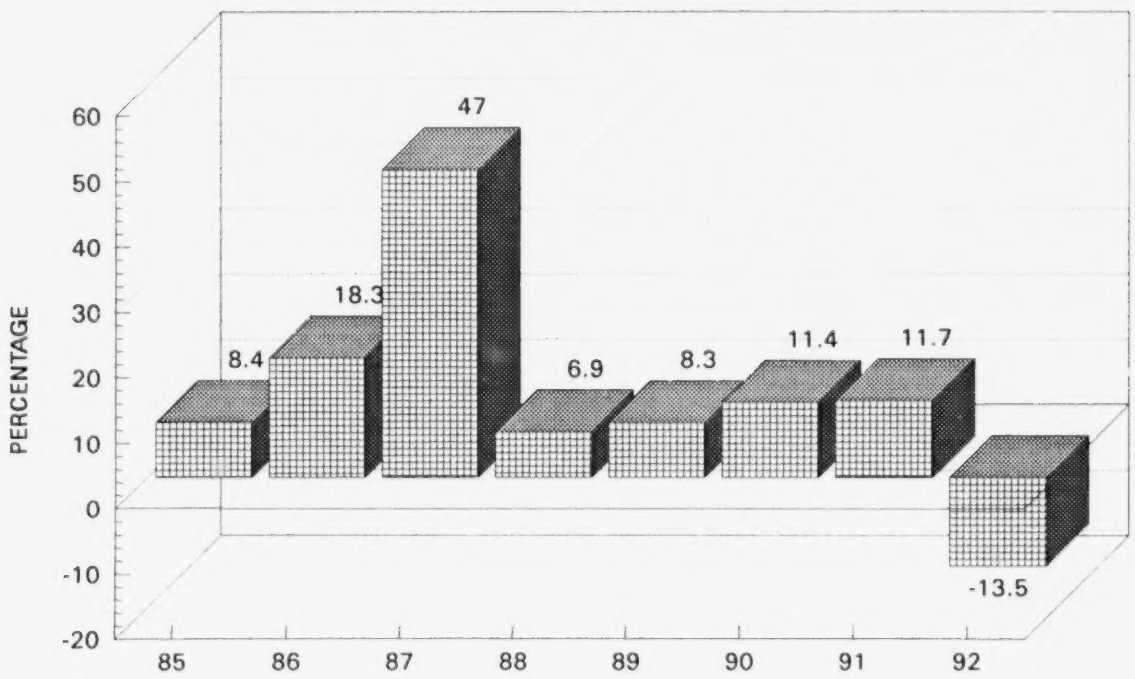
Source: DP/1993/58/Add.1, Table 8.

B. Multilateral contributions

64. Multilateral contributions accounted for about one third of total contributions over the period 1980-1992. The relative size of contributions from this source varied within a narrow range of 29 to 37 per cent during this 13-year period, indicative of a more-or-less stable position. This is to be expected given that the share of the other source of contributions - bilateral - displayed only a marginal tendency to change over time. A few features about the growth rate of contributions from multilateral sources are worth mentioning (chart 16). First, growth was unimpeded between 1985 and 1991. In the year reviewed, a large drop (13.5 per cent) was experienced. Second, the nominal rate of growth each year was sufficiently high to allow for a real increase of contributions when allowance is made for inflation. Finally, the rate of increase of contributions from this source shows a definite upward trend, which means that, in general, there is a tendency for each year's growth rate to be bigger than the last (see chart 16).

65. Multilateral contributions reached $307.9 million in 1992; in the previous year they were $355.9 million. Multilateral contributions can be subdivided as follows:

Chart 16. Multilateral contribution: growth rate, 1985-1992



### 1. Multilateral contributions - United Nations system (table 8 of DP/1993/58/Add.1)

66. Contributions from the United Nations system represent, in effect, no more than an internal transfer of funds among specialized agencies within the system. Such internal shifting of resources accounts for an estimated 87 per cent of total multilateral contributions during 1992 and has been growing over time. Contributions from the United Nations system maintained a positive rate of increase for seven years in a row (1985-1991) before sliding to -12.6 per cent in 1992. In all seven years contributions grew in real terms since the nominal growth rate is far above the rate of inflation. Lastly, the behaviour of the rate of increase of contributions from the United Nations system considerably influences the overall outcome of total multilateral contributions.

67. Given the character of United Nations system contributions, it is not surprising that WHO and DESD and receive, on average, about one third of all contributions, i.e., an internal transfer of funds. Other recipient agencies which benefit significantly from this circular flow of funds are UNESCO, ILO and FAO. To complete the circular movement of funds, i.e., the movement of financial resources from one agency to the other within the system, it is necessary to have some idea of the contributor. Traditionally, almost the entire resources of UNFPA and UNCDF have been used to fund projects executed by other agencies within the system; the resources of these two organizations are considered contributions. Other significant contributors in 1992 included the World Bank, IMO and the United Nations Fund for Drug Abuse Control (UNFDAC). The circular flow of funds within the United Nations system, while remaining a pervasive feature, is nevertheless dominated by a few recipient and donor agencies.

68. The magnitude of internal transfer of funds ("contributions") within the United Nations system during 1992 reached $266.8 million, down from $305.1 million in the previous year. WHO was the largest recipient of such transfers during 1992 with 29 per cent, or $60 million, as against $81.6 million in 1991. DESD also recorded significant amounts ($19.4 million). This was, however, less than in the previous year ($32 million). Other recipients of relatively large amounts include UNESCO, ILO, UNIDO and FAO.

### 2. Multilateral contributions - non-United Nations system (table 8 of DP/1993/58/Add.1)

69. Contributions from this source comprise resources channelled through the United Nations system by multilateral organizations that are not part of that system. Such organizations include AfDB, Arab Gulf Fund for United Nations Development Organizations (AGFUND) and the European Economic Community (EEC). Contributions from non-United Nations system sources accounted for approximately 13 per cent of the total resources provided by multilateral sources as a whole during 1985-1992. The relative importance of this source, after declining each year between 1985 and 1989, is once again on the increase rising to 13 per cent in 1992. The rate of increase of contributions from non-United Nations organizations was highly erratic during 1985-1992: no increase for two years; positive growth for three years, two of which were extraordinarily high (61.9 and 145 per cent); and negative rates for the remaining years, including 1992,

when contributions fell by 19.1 per cent. Not only has the entire growth spectrum been represented during the last eight years, but the variation is remarkably high.

70. In 1992 funds originating from non-United Nations sources reached $41.1 million, down from its record of $50.8 million in 1991. As a general rule, the major part - as much as three quarters - of such contributions are intended for FAO ($24.5 million, down from $40.9 million in 1991). Other important recipient agencies in 1992 included WHO ($4.2 million), UNESCO ($1.8 million) and ITC ($1.1 million).

## III. ASSISTANCE PROVIDED BY UNDP AND OTHER ORGANIZATIONS

71. Section I discusses technical cooperation expenditures incurred by the agencies, including UNFPA. To round off the picture on assistance delivered, it is necessary to include UNDP, UNICEF, WFP and the World Bank/IDA. The assistance delivered by these groups will be referred to as assistance by the United Nations system. (A much more complete picture is contained in the report of the Secretary-General on operational activities for development of the United Nations system.) Another issue concerns the distinction between technical cooperation and operational assistance. In this report, UNFPA, UNDP and the World Bank/IDA are seen to be engaged in technical cooperation, while WFP and UNICEF are involved in non-technical cooperation. (Only the technical cooperation of the World Bank/IDA is considered here.) The total assistance delivered by the organizations and agencies is referred to as "operational assistance". Summary data on total operational assistance are contained in DP/1993/58/Add.1, table 10 while the annex to the present report attempts in chart form the components of this assistance.

72. In the context of this report, operational assistance from the United Nations system may be viewed from two angles: (a) all bodies involved - specialized agencies, UNFPA, UNDP, UNICEF, WFP, and the World Bank/IDA and (b) exclusion of the World Bank/IDA. Point (b) is justified because of the different standards by which the World Bank/IDA provides technical cooperation, namely that such assistance is financed by both loans and credits rather than by grants, as is the case with the rest of the United Nations system; and funds consultants working on both capital and technical cooperation projects.

73. Operational assistance from the United Nations system (including the World Bank/IDA) reached $42.8 billion during the 10 years between 1983 and 1992. It grew from $3.1 billion to $5.8 billion in 1992 (table 7 below). In fact, during the entire period this assistance had a positive annual growth rate, ranging between 1.6 and 11.2 per cent. The period 1985-1991 was one of healthy rates of growth, much above the rate of inflation (chart 17). This was thus a period when operational assistance rose in real terms. The increase of 3.8 per cent in 1992 must be considered a relatively good performance for two reasons: the very high increase in the previous year; and the tepid economic performance in major donor countries. The increase in operational assistance in 1992 was attributable to the strong growth of UNICEF and WFP, as well as the World Bank/IDA.

Table 7. Summary of United Nations system expenditures on operational activities for development, 1983-1992

(Millions of dollars)

| | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| I. FUNDED BY UNDP | 624 | 608 | 641 | 776 | 789 | 918 | 981 | 1 134 | 1 247 | 1 164 | 8 882 |
| UNDP central resources | 560 | 527 | 564 | 682 | 693 | 823 | 883 | 1 036 | 1 133 | 1 026 | 7 927 |
| UNDP-administered funds | 64 | 81 | 77 | 94 | 96 | 95 | 98 | 98 | 114 | 138 | 955 |
| II. FUNDED BY AGENCIES | 777 | 823 | 838 | 887 | 911 | 892 | 955 | 1 281 | 1 278 | 1 097 | 9 739 |
| Regular programmes of agencies | 257 | 281 | 298 | 310 | 320 | 230 | 246 | 330 | 340 | 242 | 2 854 |
| Extrabudgetary sources of agencies | 397 | 422 | 412 | 475 | 484 | 532 | 552 | 782 | 766 | 727 | 5 549 |
| Funded by UNFPA | 123 | 120 | 128 | 102 | 107 | 130 | 157 | 169 | 172 | 128 | 1 336 |
| Subtotal (I & II) | 1 401 | 1 431 | 1 479 | 1 663 | 1 700 | 1 810 | 1 936 | 2 415 | 2 525 | 2 261 | 18 621 |
| % change | -6.0 | 2.1 | 3.4 | 12.4 | 2.2 | 6.5 | 7.0 | 24.7 | 4.6 | -1.1 | |
| III. FUNDED BY UNICEF | 246 | 244 | 279 | 326 | 365 | 400 | 501 | 584 | 588 | 744 | 4 277 |
| IV. FUNDED BY WFP | 629 | 679 | 779 | 701 | 791 | 1 037 | 952 | 956 | 1 338 a/ | 1 575 | 9 437 |
| Subtotal (III & IV) | 875 | 923 | 1 058 | 1 027 | 1 156 | 1 437 | 1 453 | 1 540 | 1 926 | 2 319 | 13 714 |
| % change | 9.5 | 5.5 | 14.6 | -0.3 | 12.6 | 24.3 | 1.1 | 6.0 | 25.1 | 20.4 | |
| V. WORLD BANK | 294 | 566 | 616 | 722 | 836 | 686 | 731 | 633 | 682 | 755 | 6 521 |
| IDA | 579 | 279 | 332 | 341 | 387 | 412 | 385 | 420 | 415 | 422 | 3 972 |
| Subtotal (V) | 873 | 845 | 948 | 1 063 | 1 223 | 1 098 | 1 116 | 1 053 | 1 097 | 1 177 | 10 493 |
| % change | 19.4 | -3.2 | 12.2 | 12.1 | 15.0 | -10.2 | 1.6 | -5.6 | 4.2 | 7.3 | |
| Total (I + II + III + IV) | 2 276 | 2 354 | 2 537 | 2 690 | 2 756 | 3 247 | 3 389 | 3 955 | 4 451 | 4 580 | 32 335 |
| % change (Tec. Coop. Asst.) | -0.6 | 3.4 | 7.8 | 6.0 | 2.5 | 17.8 | 4.4 | 16.7 | 12.5 | 2.9 | |
| Total (I + II + III + IV + V) | 3 149 | 3 199 | 3 485 | 3 753 | 4 079 | 4 345 | 4 505 | 5 008 | 5 548 | 5 757 | 42 828 |
| % change (Operational Asst.) | 4.3 | 1.6 | 8.9 | 7.7 | 8.7 | 6.5 | 3.7 | 11.2 | 10.8 | 3.8 | |

a/ WFP has revised its annual expenditures for 1986-1989 (see note by the Secretary-General (A/46/206/Add.4) of 7 October 1991). The revised data are reproduced here. Note, however, that the detailed data by country in the relevant UNDP annual reports have remained unchanged for obvious reasons.

Totals in this table differ from those in the various annual reports by marginal amounts because of rounding.

74. If the World Bank/IDA is excluded, operational assistance totalled $32.3 million during the 10-year period 1983-1992. The difference of $10.5 billion represents technical cooperation expenditure by the World Bank/IDA during the period. In general, as may be seen from table 7 and chart 18, the rate of growth of this assistance varied considerably ranging from -0.6 to 17.8 per cent. In other words, once the World Bank/IDA is excluded, operational assistance from the specialized agencies, UNFPA, UNICEF, UNDP and WFP is characterized by a greater degree of instability.

75. Despite this instability, if the series are averaged, the operational assistance without the World Bank/IDA grew by about 6.7 per cent during the 10-year period. The relatively modest rate of growth in assistance from the specialized agencies, UNFPA, UNICEF, UNDP and WFP during 1992 (2.9 per cent) is also due to the two factors noted in paragraph 73. In addition, this is attributable to the revised data from WHO which increased expenditures for 1990 and 1991.

76. Over the 11-year period 1982-1992, about 60 per cent of the operational assistance from the United Nations system (excluding the World Bank/IDA) was concerned with technical cooperation, defined to include the specialized agencies, UNFPA and UNDP. Of course, this share, like most ratios, fluctuated between 49.4 and 65.1 per cent (see chart 19). It is clear, however, that the trend is downwards. In other words, over time it appears that technical cooperation constitutes a smaller portion of operational assistance.

77. Chart 20 relates specifically to UNDP. It shows the share of UNDP in the flow of technical cooperation to developing countries. If grant-free technical cooperation is defined to include assistance provided by the specialized agencies (excluding the World Bank/IDA), UNFPA and UNDP, then UNDP accounted for an annual average of about 48 per cent during 1982-1992. Between 1988 and 1989 UNDP delivered slightly over one half of the technical cooperation flowing through the United Nations system. In the following two years, the UNDP share slipped slightly but recovered in 1992. If UNFPA is excluded, then the UNDP share jumps as is shown by the curved line in chart 20. The area between the two lines in chart 20 represents expenditures by UNFPA. The exclusion of UNFPA does not alter the time profile of the ratio: indeed the two curves have exactly the same shape, which points to the dominance of UNDP in technical cooperation. With the exclusion of UNFPA, the UNDP share averaged 51.2 per cent during the 11-year period 1982-1992. Thus, whatever definition of technical cooperation is adopted, the following points are clear: (a) UNDP accounts for over one half of such cooperation, particularly since 1988; and (b) there is a long-run tendency for the share of UNDP in the flow of technical cooperation to grow, albeit at a slow rate.

Chart 17. Operational assistance: growth rate, 1982-1992

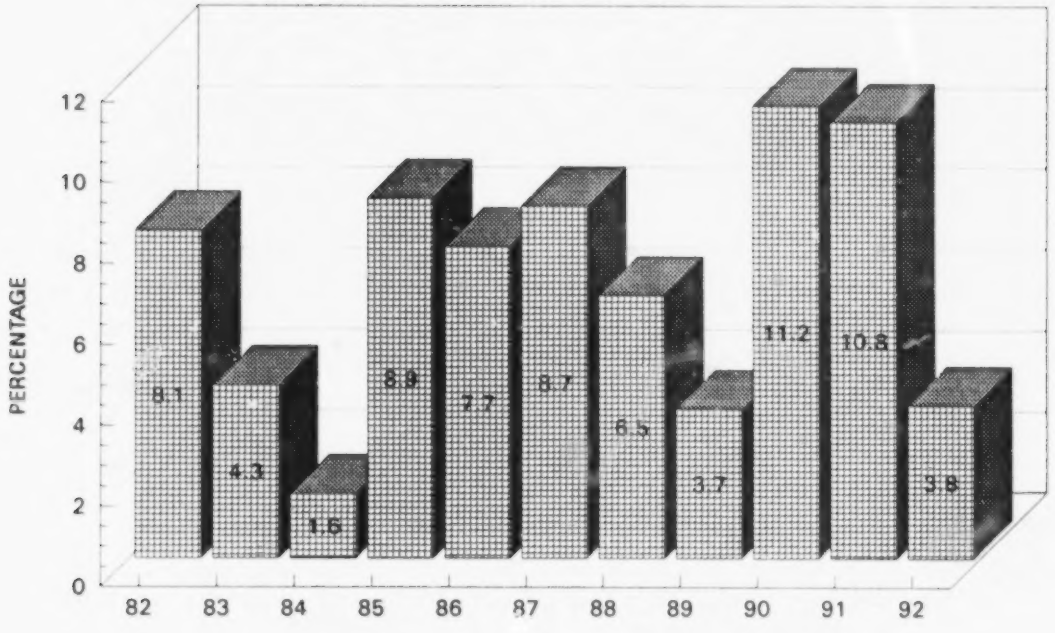



Chart 18. Operational assistance excluding World Bank/IDA: growth rate, 1982-1992

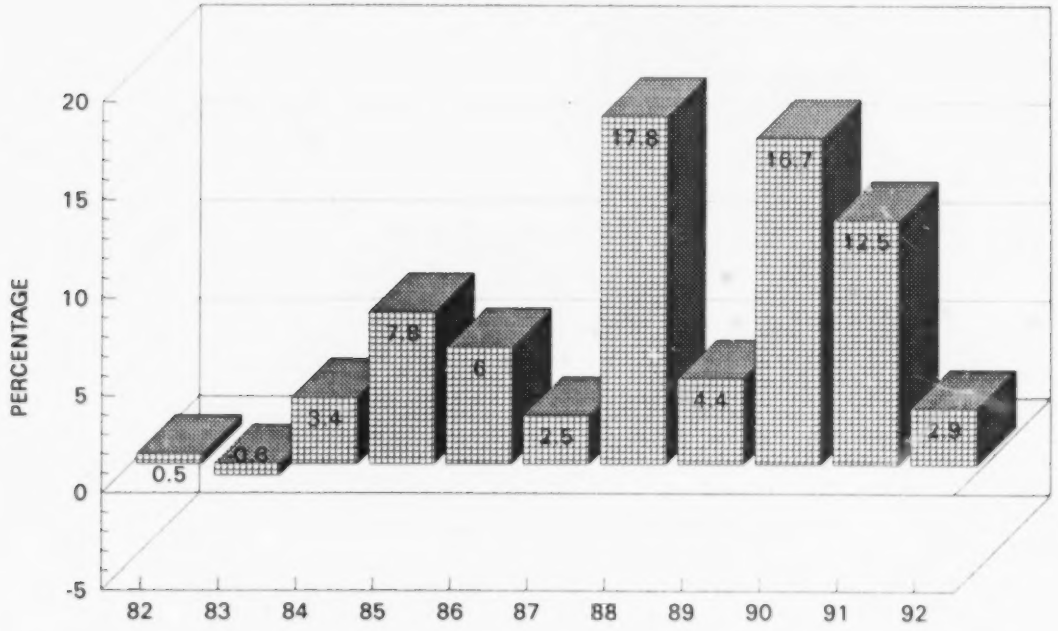



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Chart 19. United Nations system: technical cooperation as a percentage of operational assistance, 1982-1992

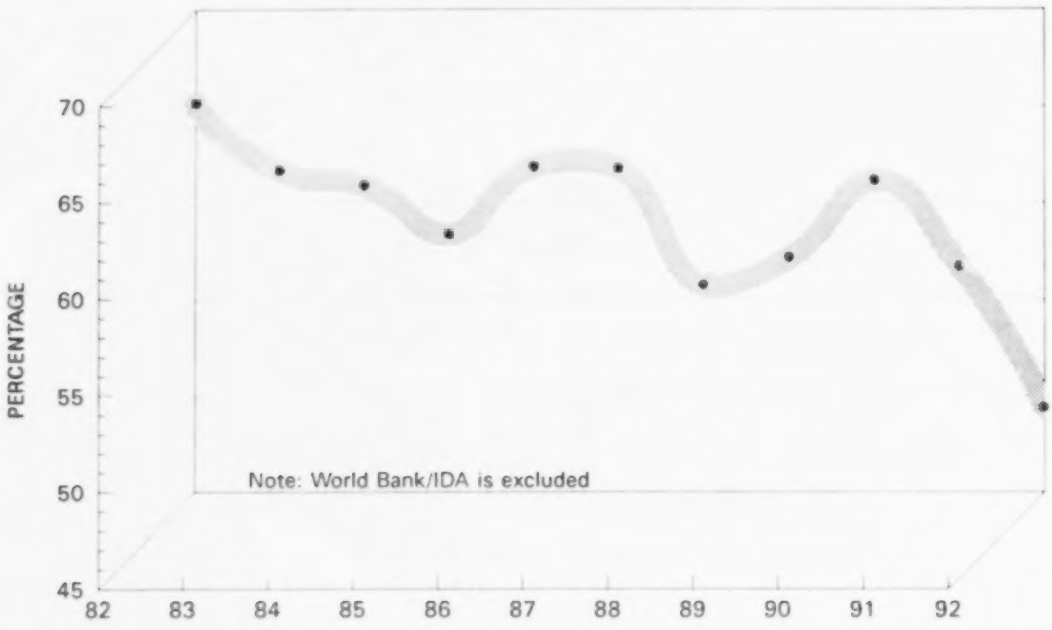
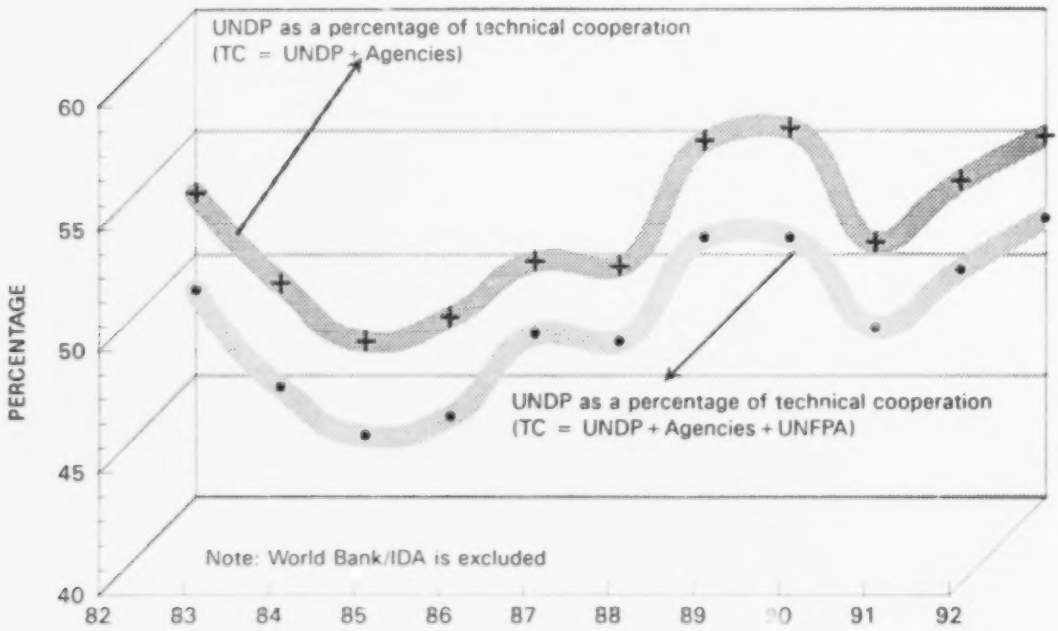



Chart 20. United Nations system: UNDP's share in technical cooperation, 1982-1992



## A. United Nations Development Programme

78. The long-term rate of growth of technical cooperation expenditures from UNDP (central resources and administered funds) is shown in chart 21. After registering negative rates in 1982-1984, growth bounced upwards and stayed on this course for the next seven years before showing a negative value once again. The year 1992 thus stands out as an aberration: a lone downward spike, measuring 6.7 per cent, punctuating 7 straight positive values. Another highly visible feature of rates since 1985 is that years of high growth are separated by years of much lower growth (see chart 21). In other words, rates have not been evenly dispersed. Third, growth rates were rather high during 1988-1991, averaging 8.9 per cent per annum. The principal impetus for these high rates came from central resources. For the remaining two years the impetus came from administered funds, as well.

79. Total expenditures by UNDP (central resources plus administered funds) reached $1.164 billion in 1992, down from $1.247 billion in the previous year. This shortfall, as noted above, is due to the decline of expenditures from central resources - the first fall since 1985. In 1992, expenditures from this source were $1.026 billion, compared to $1.133 billion in 1991. Had expenditure from the administered funds continued at the level of the past several years, the decline in expenditures from UNDP would have been more pronounced. Administered funds incurred expenditures of $138 million in 1992, representing an increase of 21 per cent over the previous year ($114 million).

## B. Agencies, including the United Nations Population Fund

80. During the 11-year period between 1982 and 1992, expenditures from this source declined only three times (1988, 1991 and 1992) (see chart 22). Several features about the rate of growth of expenditures may be noted: (a) in general, fairly high rates have been recorded - rates that are sufficient to allow for real growth after allowance is made for inflation; (b) the period 1982-1988 witnessed erratic growth rates, a movement characteristic of the United Nations system; (c) for the next two years, the rate of growth accelerated, with each year's growth above that of the previous year; (d) the steep fall in 1992 is due primarily to the huge decline in expenditure from WHO ($345.1 million, compared to $502.21 million in 1991); and (e) the long-term trend suggests an upward movement in expenditures from this source. The combined technical cooperation expenditure of the agencies and UNFPA, which were $1.278 billion in 1991, dropped to $1.097 billion in 1992.

81. The three sources comprising agency expenditure grew at different rates. During the year reviewed, expenditures from regular budgets fell by 28.8 per cent. Parallel to this, resources from TEBE dropped by 8.6 per cent, the third negative growth rate since 1985. Funding from this source is nevertheless of overwhelming importance to agencies. Its only peculiarity is its entirely voluntary nature compared to RBEs, which are funded from assessed contributions. This elasticity is what makes expenditures from EBE so volatile and hence more prone to economic conditions in the major donor countries.

Chart 21. UNDP and administered funds: growth rate of expenditure, 1982-1992

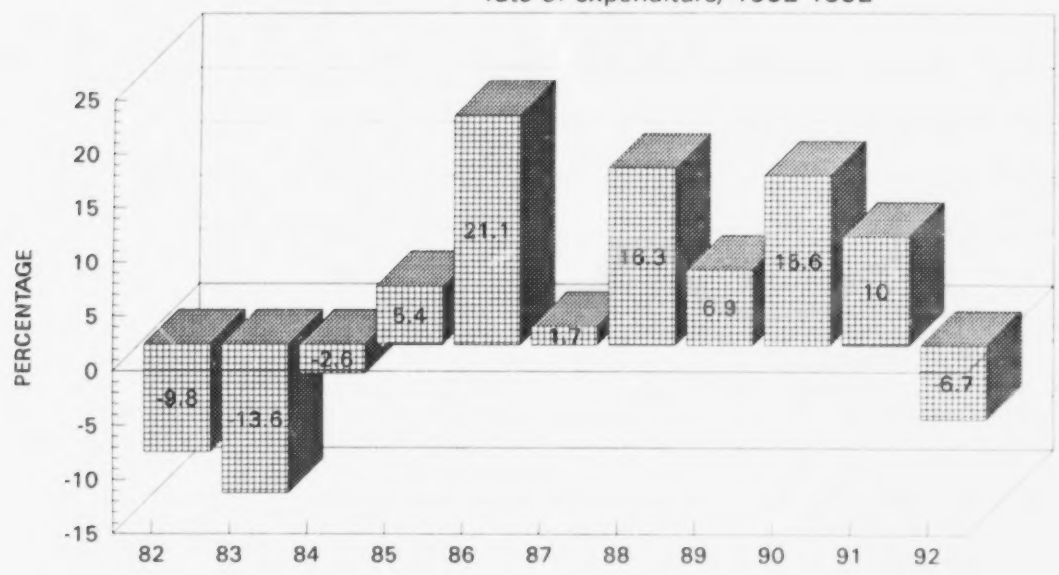
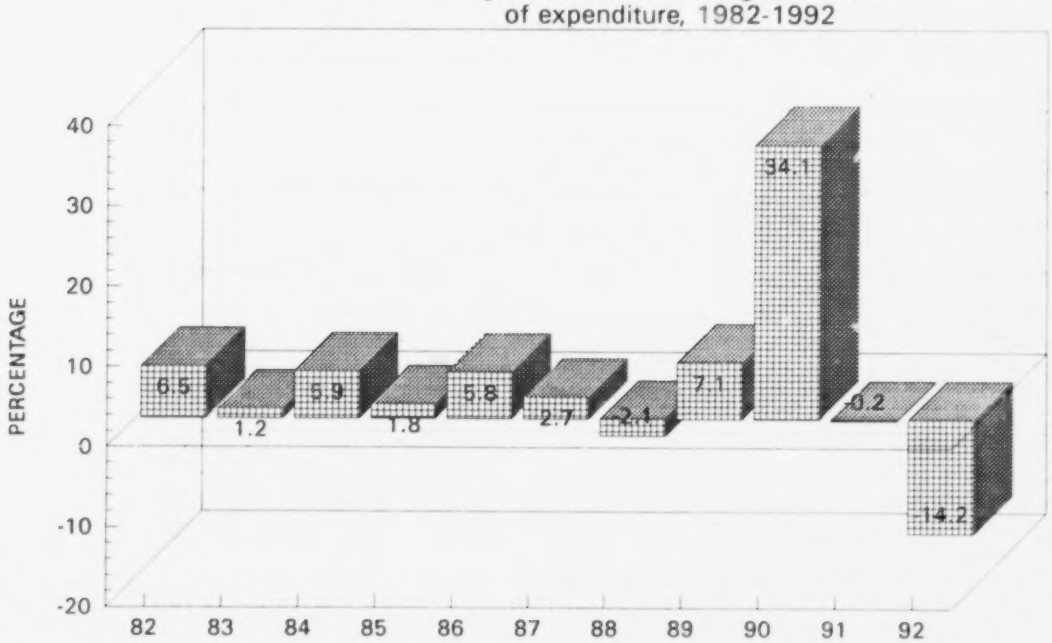



Chart 22. Agencies and UNFPA: growth rate of expenditure, 1982-1992

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82. The rate of growth of expenditures by UNFPA is shown in chart 23. Important features are (a) rates alternating regularly between positive and negative values between 1982 and 1987; (b) unbroken positive rates between 1987 and 1991, with rates in excess of 20 per cent during 1988 and 1989; and (c) a huge decline of 25.4 per cent in expenditures in 1992. Thus, after a period of uncertain movement, expenditures from UNFPA recorded five years of high average growth. Like many other agencies of the system, growth dipped in 1992, given the close correlation between economic performance and resource availability. In 1992, expenditures by UNFPA reached $128 million, compared to $172 million in 1991.

## C. United Nations Children's Fund

83. UNICEF has experienced a prolonged period of rapid growth in expenditures (see chart 24). The slightly negative dips in 1982 and 1984 aside, the chart reflects remarkably high rates of growth. During the entire period, expenditures grew at an annual average rate of 12.5 per cent, more than sufficient to allow for a significant real increase, after allowing for inflation. While fluctuations are common in the United Nations system, in the case of UNICEF fluctuations occur on a yearly basis, but rates remain positive and very high. The 26.5 per cent rate of increase in 1992 was indeed impressive, especially when compared to that of other organizations in the system in any year, recessionary or otherwise. More important, as shown in the chart, even the recession years of the early 1980s had little, if any, impact on the rapid rate of expansion of expenditures. Evidently expenditures are growing steadily over time.

84. During the 1982-1992 period, non-technical programme expenditure by UNICEF peaked at $744 million (in 1992). For 1991, the level of expenditures was $588 million. Expenditures for 1992 were funded as follows: general resources, $390 million; supplementary funds other than the United Nations system, $344 million; and United Nations system, $10 million.

85. One important feature of UNICEF is that, unlike other United Nations organizations, a relatively large portion of resources are derived from fund-raising efforts. For example, the breakdown of UNICEF income for 1992 is as follows: 73 per cent from government and intergovernmental organizations; 25 per cent from fund-raising campaigns, greeting card sales and individual donations; and 2 per cent from the United Nations system. Income in 1992 totalled $938 million (E/ICEF/1993/AB/L.7 of 29 March 1993, para. 2).

Chart 23. UNFPA: growth rate of expenditure, 1982-1992

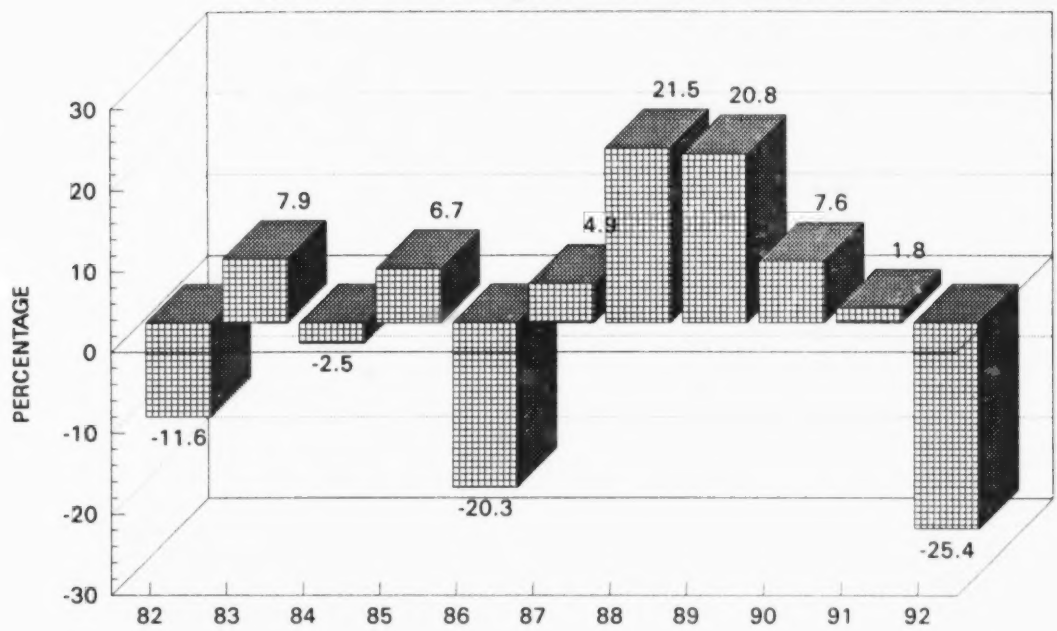
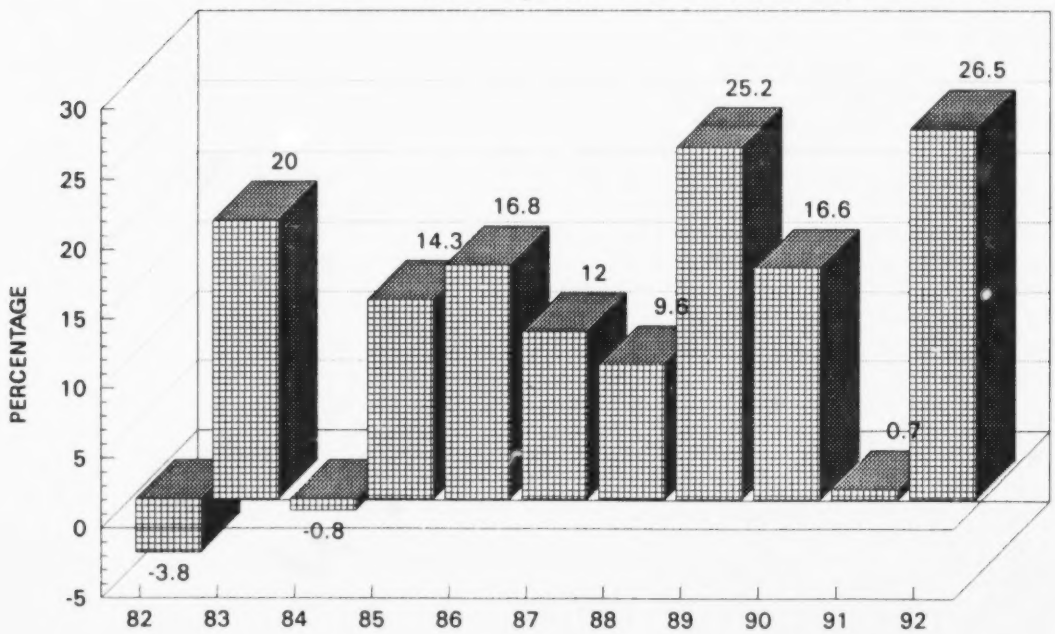



Chart 24. UNICEF: growth rate of expenditure, 1982-1992



## D. World Food Programme

86. Twice during the 11-year period, in 1986 and 1989, WFP had negative rates of growth. Aside from this and the relatively small increase in 1990, expenditures from this organization grew at a rapid pace, averaging about 11.1 per cent during the entire period. Rates of increase in 1988 and 1990 were especially high - 31.1 per cent and 40 per cent respectively. It is believed that the 40 per cent growth in 1990 is one of the highest in the United Nations system. A 17.7 per cent increase in 1992 is also significant, given the poor economic conditions in that year, although assistance to WFP is heavily driven by humanitarian concerns. Nevertheless, this high rate indicates that expenditures grew in real terms, after inflation is taken into consideration. In general, as chart 25 shows, growth of expenditures from WFP has been rising, with rates are getting larger each year.

87. In 1992, expenditures reached $1.575 billion, a landmark for WFP. (Expenditures in the previous year were $1.338 billion.)

## E. World Bank/International Development Association

88. As pointed out earlier, technical cooperation is provided by the World Bank/IDA under terms and conditions different from those of UNDP and the agencies. While this does not permit comparative analysis, it can be noted that during the 1982-1992 period the magnitude of technical cooperation provided by the World Bank/IDA averaged about 56 per cent of the combined amounts delivered by UNDP and the specialized agencies (including UNFPA). Further, since 1988 the relative importance of the World Bank/IDA has been on the decline, falling to 52 per cent in 1992.

89. Like other organizations of the United Nations system, technical cooperation expenditures from the World Bank did not enjoy unimpeded growth during the period considered. During two years, 1984 and 1990, there was a decline in the rate of growth. For the entire period, growth averaged 10.6 per cent, although this average figure is distorted by the single substantive increase in 1982 (see chart 26). Growth rates declined yearly from 1984 and rose rapidly until a new peak was reached in 1987. From then on growth rates once again declined until 1990. The recovery began in 1991 and continued in the following year. In short, growth rates have completed two cycles (from high to low rates of growth) and a third cycle is currently in progress. The long-run tendency, however, points to a downward trend; on average, rates of growth are getting smaller each year.

90. Technical cooperation funded by the World Bank/IDA totalled $1.177 billion during the year reviewed, compared to $1.097 billion in 1991. This is not the peak expenditure level, which was established in 1987 ($1.223 billion) but it is the highest level since that year.

Chart 25. WFP: growth rate of expenditure, 1982-1992

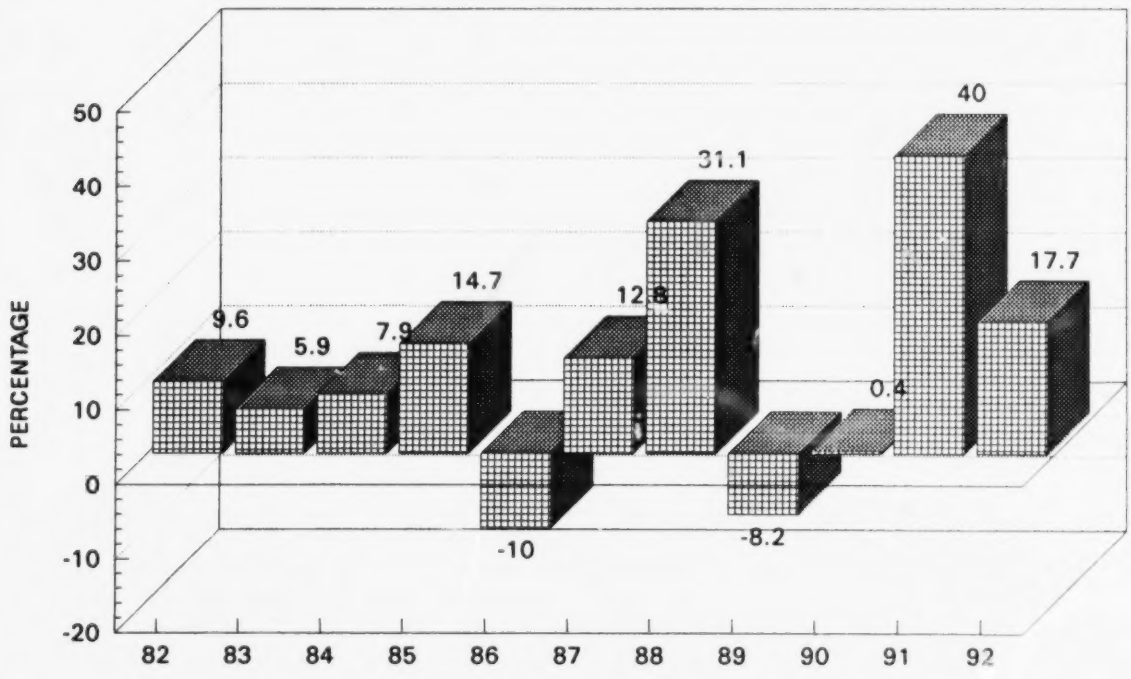
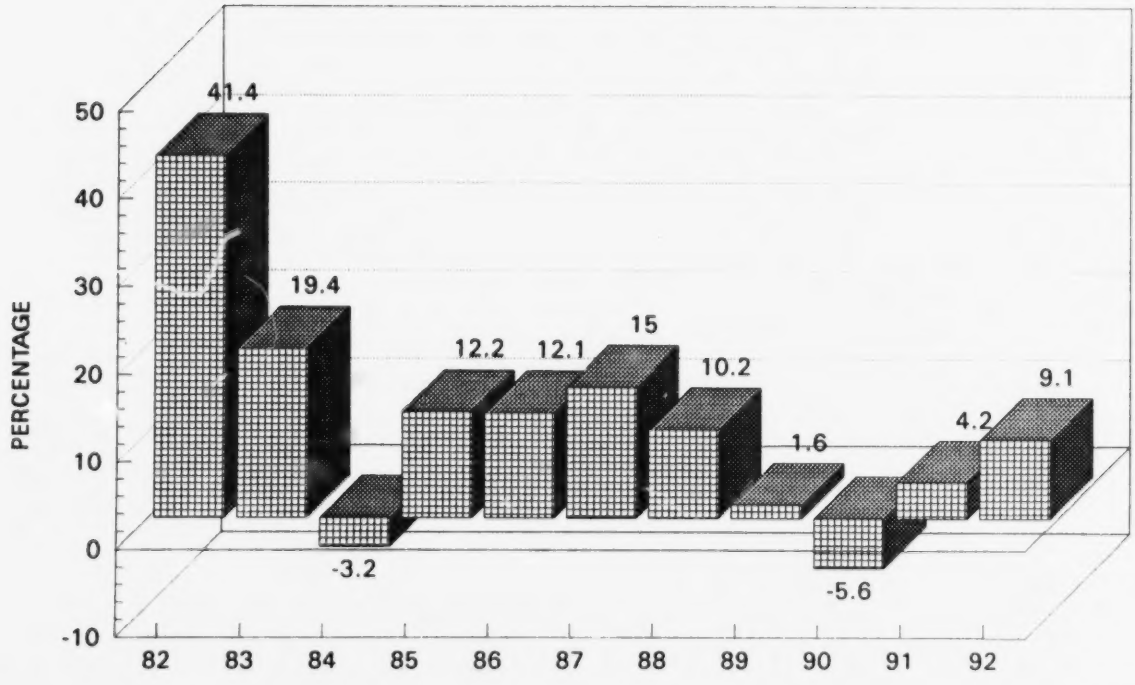



Chart 26. World Bank/IDA: growth of technical cooperation expenditure, 1982-1992

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# Annex I

## A GUIDE TO THE TERMINOLOGY

### I. ACTIVITIES

1. Technical cooperation activities. These are activities that aim to promote increasing self-reliance in developing countries with regard to managerial, technical, administrative and research capabilities required to formulate and implement development plans and policies, including the management and development of appropriate institutions and enterprises. In this document, technical cooperation activities are those financed from: (a) the central resources of UNDP; (b) UNDP-administered funds; (c) the regular and extrabudgetary expenditures of specialized agencies, including UNFPA; and (d) the technical assistance window of the World Bank/IDA. A further distinction is made between grant technical cooperation constituting (a), (b) and (c) and non-grant technical cooperation constituting (d).

2. Operational activities. Operational activities of the United Nations system constitute technical cooperation activities, refugee, humanitarian and special economic assistance and disaster relief. The data on operational activities in this document are incomplete in the sense that not all United Nations bodies are included. For a complete picture, see the annual report of the Secretary-General on operational activities for development of the United Nations system.

### II. EXPENDITURES

3. Non-UNDP-financed technical cooperation expenditure (NFTCE). This is defined as the sum of expenditures incurred against: (a) specialized agency regular budgets, (b) agency extrabudgetary budgets and (c) UNFPA. Expenditures from UNICEF, WFP and the World Bank/IDA and UNDP-administered funds are not included. In table 1, annex II, for example, NFTCE, for the last two years, are shown in the second and third columns. Note that in table 10, NFTCE are the sum of the columns entitled "agency regular budget", "agency extrabudgetary", "UNFPA" and "self-supporting expenditure".

4. Regular budget expenditure (RBE). This refers to technical cooperation expenditure financed out of the assessed budgets of agencies.

5. Extrabudgetary expenditure (EBE). This refers to voluntary expenditure incurred by agencies which are financed from sources other than RBE, UNDP or UNFPA; essentially EBE are provided by multilateral sources outside of the United Nations system and by bilateral sources.

6. Total extrabudgetary expenditure (TEBE). This covers agency extrabudgetary budgets and expenditures incurred by UNFPA. In table 1 of annex II, it is the sum of the columns entitled "funded by extrabudgetary sources other than UNDP, UNFPA and UNDP-administered funds" and "funded by UNFPA", whereas in table 10 it is the sum of the amounts in the columns entitled "agency extrabudgetary budgets", "UNFPA" and "self-supporting sources".

7. Multilateral expenditure. Expenditures from this source are subdivided into: (a) United Nations system other than UNDP central resources and

administered funds; and (b) multilateral sources outside of the United Nations system. The former includes expenditures incurred in developing countries by the specialized agencies of the United Nations system themselves, including Governments and the World Bank. See table 3, line B1, and table 5. Multilateral sources outside of the United Nations system include regional development banks, the various Arab development funds, etc. Expenditures from these sources are channelled through the agencies of the United Nation system for the financing of technical cooperation activities in developing countries. See table 3, line B2, and table 6 of annex II.

8. Bilateral expenditures. Expenditures under this heading are divided into (a) expenditures channelled through the United Nations system, and (b) unilateral self-supporting expenditures. The former comprises expenditures incurred against resources provided directly to the agency by a Member State or an NGO to fund technical cooperation activities in any member country. It also includes expenditures against multilateral and bilateral contributions (e.g., contribution by one country for a specific project(s) in another), as well as expenditures by the agency against special purpose funds managed by the agency itself. The term "unilateral" is rather confusing, but it is used to emphasize the fact that expenditures are used to finance technical cooperation activities within the country that made the "contribution" to the United Nations system. In other words, the expenditure is passed from the given country to the United Nations system and back to the same country; the only difference is that it has acquired a dual character: unilateral since it returns to the contributing country, but because it is routed through the United Nations system it is also bilateral. Hence its inclusion under the rubric of bilateral expenditure.

## III. CONTRIBUTIONS

9. Contributions are also classified according to source: multilateral and bilateral. The former is further subdivided into:

(a) Contributions from the United Nations system. In essence, such contributions represent an internal transfer of funds in the system among agencies. It is a circular movement of financial resources from one agency to the other; and

(b) Contributions originating outside of the United Nations system. Such contributions are made by multilateral organizations which are not part of the United Nations system. Such organizations include AfDB, AGFUND and the European Economic Commission.

10. Bilateral contributions are similarly broken down as follows:

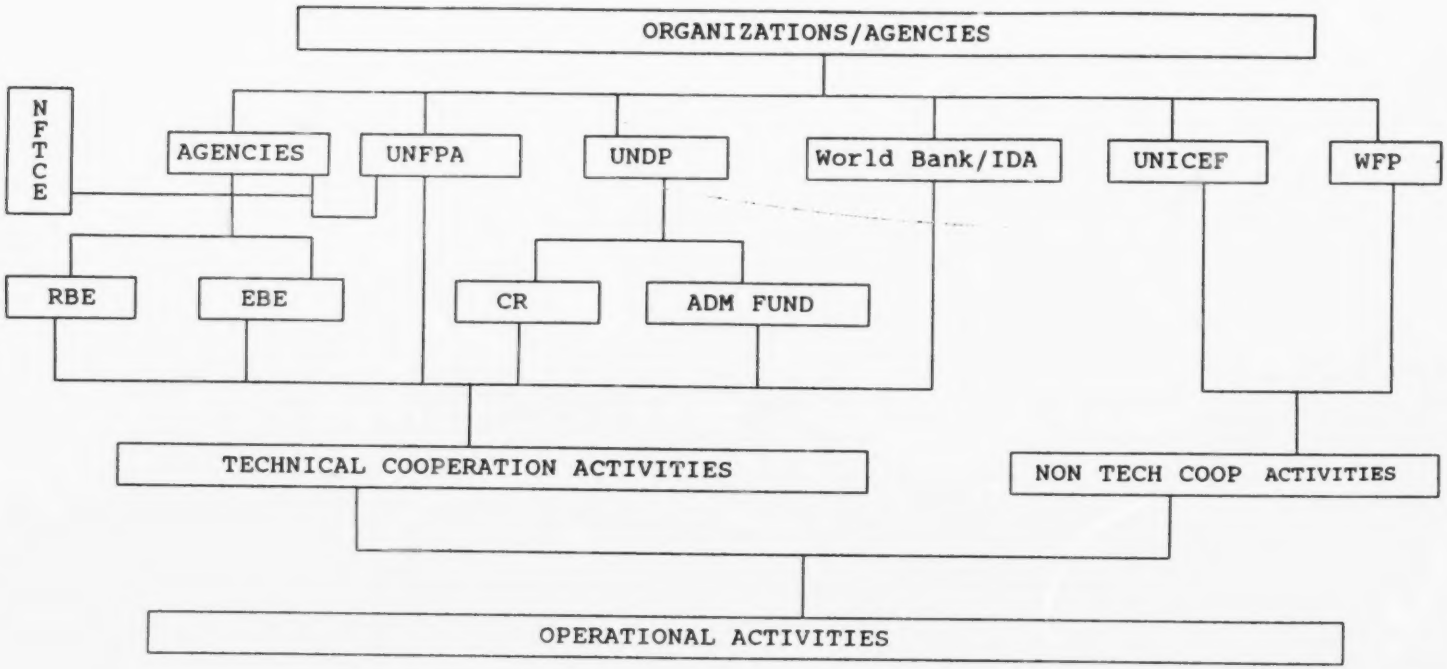
(a) Contributions from countries/territories representing funds donated to the United Nations system to support activities in developing countries;

(b) Unilateral self-supporting contributions (contributions made by a country to finance technical cooperation activities in that country); and

(c) Contributions from NGOs (contributions from these sources to the United Nations system).

Annex II

TECHNICAL AND OPERATIONAL ACTIVITIES




| | | |
|---|---|---|
| NFTCE | - | Non-UNDP-financed technical cooperation expenditures |
| RBE | - | Regular budgetary expenditures |
| EBE | - | Extrabudgetary expenditures |
| CR | - | Central resources of UNDP |
| ADM FUND | - | Funds administered by UNDP |
| WPF | - | World Food Programme |
| UNICEF | - | United Nations Children's Fund |
| UNFPA | - | United Nations Population Fund |

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Annex III

CONTRIBUTIONS AND EXPENDITURES